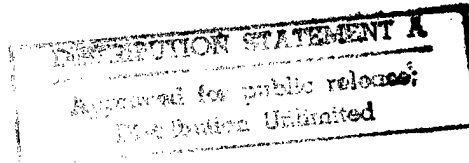


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31 May 1984



# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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31 May 1984

# EAST EUROPE REPORT

## ECONOMIC AND INDUSTRIAL AFFAIRS

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## INTERNATIONAL AFFAIRS

### YUGOSLAV COMMENT ON RELATIONS AMONG CEMA MEMBERS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 14-16 Apr 84 p 7

[Text] The more time that passes, one gets the impression that there are fewer and fewer prospects for holding a summit meeting any time soon of the CEMA countries in eastern Europe. It was absolutely supposed to take place back in late 1983. However, almost without any sort of real basis, speculation is being spun about the supposed prospects for holding such a meeting.

There are several circumstances that support this conclusion. First and foremost there is the lack of unity (there is less and less emphasis on the monolithic nature of the 10 CEMA members in their views concerning certain basic questions of cooperation in this economic grouping of the "socialist commonwealth," which disturbances in the world economy have much to do with. Also, the obligations come due to pay over \$80 billion of foreign debts to Western creditors have imposed heavy burdens on the CEMA member countries, while at the same time the energy crisis has compelled joint investment in the fuel and power industry. The increasingly difficult supply of raw materials has imposed on those countries new obligations and new investment efforts in this and other segments of the primary sector.

The structural misdirections in investment policy of the CEMA countries in the past have tended to aggravate further the contradictions in their economic development. The desire to restructure trade and cooperation from primarily bilateral arrangements to multilateral arrangements has been a particular problem, and it is here that least has been achieved. For all these reasons the economists are handicapped when they speak about cooperation in CEMA in terms of the existing world system of categories and the existing relationships. After all, this could not be fitted either in the "doctrine" of the free market, nor viewed as some kind of mini Common Market, nor indeed under the category of an economic community in the context of institutions of that kind that do exist in the world.

Because of the government monopoly in the sphere of foreign trade and other economic relations with foreign countries, in the case of CEMA one might rather speak of cooperation of a specific alliance of government monopolies rather than cooperation within the framework of an association on the foundations of economic laws and equality of the trading partners. Since in such a system economic laws cannot manifest themselves, they have to be replaced with another set of instruments.

It is certain that prices represent a special sector in this kind of underdeveloped and undefined system of mutual relations within CEMA, and monetary and currency problems do not come far behind in their importance.

According to one group of authors, the prices in the visible trade of the "CEMA 10" would be formed on the basis of the socially necessary production costs within CEMA itself. Others, however, insist on the application of world prices, while one group of East European economists argues for prices that would have a capital-income basis.

CEMA has been using world prices adjusted for speculative and competitive fluctuations on the world market. An agreement has been reached for prices in CEMA to be adjusted every year on the basis of average world prices over the previous 3 years. However, some CEMA members have objections even to that kind of mechanism. That is, the advocates of a different view feel that the good side of this kind of mechanism is that the price adjustments are made more frequently than previously, but they feel that its shortcoming is the lengthy accounting and administrative procedure that causes tardiness in conclusion of economic transactions, which could do untold harm to certain partners in the grouping.

Prices, incidentally, are an old problem in CEMA and one of the controversial issues, since, as is well known, national income is siphoned through price relations, and quite often, as logic would have it, one of the trading partners derives undeserved profit at the expense of other participants in trade. However, it is also a fact that so far these relations have never been talked about openly. It seems that necessity has now "put pressure" on the CEMA members and forced them to bring even certain economic factors into play....

#### The Price Scissors ...

It is by all appearances very difficult, and this is the view even of several economists, to precisely establish where the "price scissors" are in relations within CEMA. Whereas some feel that they occur in the relation between agricultural and industrial production, others, however, take the view that the scissors should be sought in relations between raw materials and fuels on the one hand and then industrial articles on the other. Recognizing the existence of the "price scissors," the Romanians, for example, interpret them in their own specific way, asserting that on the market of the "Eastern 10" they are less open than in the trade of the capitalist trading partners within the European Economic Community.

In the opinion of some, CEMA already has a tried and true method of reducing disproportions in prices. However, in spite of all the explanations, leaving to one side the question of how clear and acceptable they are, the fact remains that the prices in CEMA, generally speaking, are an elusive quantity and not only vary from product to product, but there are even differences in evaluation of the same commodity in trade between the members of this economic integration. That is why Romania, for example, argues for introduction of uniform prices for individual products within an industry and feels that the existence of plurality in prices of one and the same product, which now

are usually a function of the economic strength of some one of the CEMA members, but there are also certain preferential arrangements, can only act as a disincentive on cooperation and trade. Uniform prices, Bucharest feels, are indispensable not only in visible trade, but also in transactions for industrial cooperation and production specialization within CEMA.

#### The Dream of Convertibility ...

Hungary, Romania and the Soviet Union have for quite a long time been planning, though in the absence of the necessary economic premises, the transformation of their domestic currencies--forints, leus and rubles--into convertible means of payment. The fact that it is increasingly difficult to conduct international transactions in the sphere of capital and payment of obligations in visible trade is leading the governments of those countries, aside from the efforts to transform the common currency in CEMA, the convertible ruble, into a firmer means of payment with world recognition, to apply their efforts at the same time to strengthen their national currencies and to convert them to convertible units. However, as matters now stand, that day will not dawn soon. Excessive dependence on trade within CEMA itself, which absorbs half of the foreign trade potential of certain countries, is hindering the members of this grouping from expanding and broadening their relations with the West.

Incidentally, even within CEMA it is well known that the "operation of convertibility" either of the transfer ruble, which has not yet become the common money of "the 10" in the true sense as well as the individual national currencies, is a complex process that would pass through stages as a number of economic, monetary and organizational measures are taken along the road of achieving solid international legitimacy for CEMA industrial products. Those would above all be raising productivity, improving the economic structure, diversification of production, reduction of material costs within the structure of the social product, and reducing production costs to a level comparable with the advanced countries, and so on.

#### The Road Toward Overcoming "National Egoism"

It is also a fact that providing for the customary foreign exchange reserves is regarded as indispensable to achieving lasting equilibrium in the balance of payments and is an economic-policy condition for transition to convertible payment, and it would at the same time tend to strengthen international confidence in the businesslike attitude of CEMA countries. Likewise, should this "monetary transformation" take place, it would resolve several open questions in the sphere of use of Western licenses and technology and also the transfer of capital within the framework of joint stock companies already founded with joint East-West capital.

As far as the transfer ruble is concerned, it is estimated that it has not been serving the manifold purposes planned for it. First of all, it is not performing the principal function of a means of payment within CEMA, for one reason because a mechanism has not been developed that would make it possible to transfer an account receivable from one country to another. In other

words, the possibility is precluded of "canceling" or of compensation, so that in practice it is not possible for one country's surplus to be used in some other country in which the debtor, say, has a surplus, but all claims and debts must be settled bilaterally between the two countries.

In addition to the problems which have been enumerated, it is certain that there also exist a number of other important issues which the members of CEMA ought to talk about openly and that they need to agree with one another on a new economic policy and strategy of cooperation. It would make the transition from the present conventional bartering to a more modern method of trading and would introduce mutual relations that would ease the burden of certain members of the grouping who feel the burden of CEMA to be excessively heavy, while at the same time they are constantly stinting with respect to the standard of living of their own citizens.

Remarks to the effect that in 1980 alone CEMA "cost" the Soviet Union more than \$20 billion have also been louder and louder. It is logical, then, to reflect on and propose a more uniform distribution of the burden of the socialist structure based on solidarity and define ways of more uniform economic development of all the members of CEMA and at the same time overcome the "national egoism," which--it is said--is manifested in situations when joint investment undertakings are brought up, and especially when one of the less developed members raises the question of equalizing the level of economic development of CEMA.

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## INTERNATIONAL AFFAIRS

### YUGOSLAV-CUBAN TRADE ANALYZED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Apr 84 p 4

[Article by Ljubica Mitrovic: "Increasing Visible Trade"]

[Excerpts] The figure mentioned in the Economic Chamber of Yugoslavia in a meeting of the Section for Economic Relations With Cuba that the value of last year's visible trade between the two countries doubled itself indicates at the same time that broader room is being opened for more meaningful and richer cooperation in the future.

Visible trade has been dominant in the framework of business relations to date. The increasingly frequent contacts of our business executives and their official delegations have among other things contributed to achievement of better results during 1983. The greatest progress was made on the basis of exports and imports of goods--the volume of trade reached \$17.2 million. The results achieved should not be underestimated in light of the fact that just 12 months previously Yugoslav exports to Cuba amounted to only \$6.2 million, but in late 1983 \$12.8 million. There are prospects for it to continue growing during this year as well. To be specific, those possibilities exist because of the needs of the Cuban economy and the corresponding desires which have been expressed by Cuban business circles to increase their purchases in Yugoslavia and to expand to a considerably larger assortment of goods than in the past.

Representatives of the Yugoslav economy (of "Energoinvest," of "Interexport," of "Dalit" and of "Jadranka") visited Cuba during January and February at the invitation of the Cuban foreign trade minister. These meetings were an occasion for gaining a familiarity with the real possibilities and conditions for further cooperation. Financial difficulties have not bypassed this Caribbean country. In order to firm up the financial packages for the transactions contracted for, the Cubans are willing to pay for their purchases in Yugoslavia with goods, not only in the form of compensation deals, but also to pay advances on their credit-financed purchases with sugar (up to now the largest item in Yugoslav imports--\$3,154.7 million).

Even under these more difficult payment conditions we should expect new lines of credit to be opened. Sizable credit transactions have already been concluded, and to some extent they have also been covered with the agreed

deliveries of Yugoslav medical equipment and apparatus (\$30 million). Further negotiations are anticipated for the purchase of hospital elevators and kitchens.

The exhibition of Yugoslav medical equipment held in Havana in March achieved its goal and justified the purpose of familiarizing potential Cuban purchasers with the current offering in this field of production.

There have been initiatives on both sides for assimilating new forms of economic cooperation such as industrial cooperation (discussions are under way concerning joint production of buses, household electrical appliances, agricultural machines), the design and construction of capital investment projects (an agroindustrial combine), as well as joint efforts on third markets.

It is realistic to expect this very year that visible trade will maintain its expansive trend. Compensation deals will be the most suitable form of "working out" the transactions which have been concluded. The participation of the Cubans at the Zagreb Autumn Fair will be another occasion to agree on future cooperation. There are good prospects for Yugoslav equipment for various capital investment projects to broaden its road to the Cuban market.

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INTERNATIONAL AFFAIRS

TWO VIEWS OF POLISH 'GASTARBEITER' STATUS IN GDR

Report From Berlin

Warsaw RZECZYWISTOSC in Polish No 13, 25 Mar 84 pp 1,6

[Article by Konrad Krzyzakowski: "On Contract in the GDR"]

[Text] The train ride from Warsaw to Berlin passed without any great surprise. Formalities at the border crossing were barely noticed by the passengers. Now, after several hours of travel, I have arrived in Berlin as planned. I am here to report on my compatriots living and working in the German Democratic Republic. This choice was no coincidence: so many people have heard about or read articles on this subject...one of the more recent such articles was "Ghost Train" in POLITYKA.

In a Quilted Work Coat on Unter den Linden

My first and quite coincidental contact with Poles on work contracts in the German Democratic Republic occurred at the intersection of Friedrichstrasse and the historical Unter den Linden. By just taking a right turn from this spot and heading in the direction of the Brandenburg Gate, you find yourself in the elegant diplomatic district. Every house here is an embassy (including Poland's). Many Englishmen and Americans in uniform are seen. If you take a left turn from this intersection, you can admire the equestrian statue of King Frederick II, affectionately known as "Old Fritz."

I will, however, leave a detailed description of the city for another occasion. Now I see a green light and then catch a few words of my native language. A crowd of construction workers in bright blue drill cloth and quilted coats approaches the intersection. I see hard hats, rubber boots, and hammers and other tools sticking out of pockets. No doubt that these are Poles. They are very easy-going--jokes are embellished with salvos of laughter. Suddenly I feel at home again.

"Excuse me, could I have a few words with you?"

A tall fellow with a moustache, definitely a brigade worker, measures me from head to toe.

"Who do you think I am, Maryla Rodowicz [popular Polish singer]?"

I patiently explain that I am a journalist and what I am doing, that I want to tell our people at home how our workers here are faring so far from their families...

"That's very nice," says the fellow with the moustache, "but where do I find the time? We have so much work to do and moving from site to site has already put us 2 hours behind schedule. There's nothing we can do about it, boss."

"May I talk with you this evening at your quarters?"

"This evening we will already be on the train back to Poland."

"How about after work?"

"No, this is payday and we're going to be shopping. I'm sorry boss. Next week, of course, I'll be glad to talk with you..."

The next day, I tell our embassy representative about my meeting on Unter den Linden.

"Does that surprise you? Don't you know that Poles are considered to be the best workers?"

I am reminded of the editor, Henryk Kollat (we have known each other for over 30 years). Although we hadn't seen each other for a long time, Henryk could not spare his Warsaw Colleague too much time: "Responsibilities, brother, from morning to night."

I do not know why I thought a correspondent's work would be nothing but fun...

Our embassy representative was right after all: Poles in the German Democratic Republic are exceptional workers. The same thing was said to me during many official conversations and even during casual ones, for example, over the traditional mug of beer or on the S-Bahn (the Berlin subway system). Even chance acquaintances praised their "Polish work colleagues" beyond measure. Their sincerity cannot be doubted.

"I cannot believe, Kurt, that you haven't had some black sheep in your collective!"

We are sitting in a typical Berlin Bierstube (tavern). Nearby, the waters of the Spree flow quietly. I spoke with a worker from a Berlin electronics firm who said that there were several Poles as well as some Vietnamese and Cubans working in his crew. Speaking in the peculiar Berlin dialect, he answered my doubts:

"Sometimes we do get black sheep but we drop them. This is a decision that we can't avoid."

"Whose decision is it?"

"What do you mean 'whose decision'?--the plant administration, the FDGB [Free German Trade Union Organization] and mine as foreman. We deal with our own people in the same way."

During this discussion, I found out that Poles working in mixed groups with East Germans enjoy the same rights and privileges, but they also have the same responsibilities. The factor determining houses, raises, etc., is good solid work alone.

#### Leaving a Good Record

How many Poles are working in the German Democratic Republic?

I presented this question to Dobrosław Zur, who, as director of employment affairs at the Polish Embassy, knows this subject inside and out.

"There are about 20,000 Poles working here. From this number, 11,000 of our compatriots are employed on the basis of an agreement between the Polish and German Democratic governments and GDR regulations. Most contracts are for 4 years. Four thousand of these workers are also Poles employed in so-called border movement (they live on the Polish side of the border but work for firms in the GDR). There are also employees of various Polish construction firms that do export work and individual specialists such as theater and stage artists, sculptors or art conservationists that are sent to the GDR by Polservice. Aside from this, there are 400 Polish students studying at schools in the GDR. Finally, we have about 4000 mixed marriages."

The so-called dispersion of Polish laborers is fairly well known. They mainly work in groups of 30 to 100 in a total of about 100 firms. They are paid according to the standard regulations of the given branch, their qualifications and their output. It is worth noting that Poles are members of the local trade unions (FDGB) and thus receive their due social benefits.

A large PZPR plant committee is active in the GDR. There are presently 1300 party members in over 30 basic party organizations. The strong majority of these are skilled workers of various specializations.

During the last PZPR reports-elections conference in Berlin, it was stated that Polish crews employed in the GDR are earnestly fulfilling their tasks.

We read in the conference resolution: "By their good attitude and industry, these workers are giving the Polish working class a good record."

In 1977, the National Administration of the ZSMP [Union of Socialist Youth of Poland] was founded with headquarters in Leipzig. There is no lack of young workers, either. About 55 percent of all temporary employees in the GDR are people under 35 years of age. ZSMP members have been organized in over 100 plant groups, where they make significant social and political contributions.

Polish skilled workers can be found in literally every corner of the GDR. They are present on many large construction sites, such as the huge power plant in Jaenschwalde or the Eisenhutten Complex at Frankfurt-an-der-Oder.

Poles are also involved in the big housing construction plan in the GDR and work in the labor forces at chemical plants, in light industry, etc.

Poles especially distinguished themselves in construction work on the Schwedt refinery (the GDR "Plock"). Erich Honecker gave them warm words of recognition for their good work. "For outstanding work achievements" in the construction of the Jaenschwalde power plant, 15 Poles were awarded the Labor Standard Class II Medal by the Council of State of the GDR. They were: Jan Bruel, Bogdana Braciajewska, Bronislaw Ernst, Wladyslaw Godzinski, Zbigniew Iwan, Adam Lenczowski, Wieslaw Maryksiewicz, Henryk Prajbisz, Julian Rzeczkowski, Ryszard Szydlowski, Piotr Tolak, Jerzy Topolski, Edward Wojcik, Wladyslaw Wronowski and Stanislaw Zagorski. Another 13 workers were honored with Labor Standard Class III medals and 52 received medals for "special achievements in work competitions."

The question "how much is being earned?" arises. The income produced by our compatriots in the GDR is not small. In 1978 (the "peak" year in every regard), our construction services earned Poland 278 million rubles. Unfortunately, this fell to 72 million in 1982. There was a slight improvement the next year when we earned 77 million.

Are better times returning?

Specialists from the Trade Consultants Bureau in our Berlin embassy are optimistic: they expect the demand for our unquestionably good services to rise.

"Bums" Becoming Extinct

Having heard the stimulating information, I asked Dobrosław Zur about whether there were any problems to be found.

"Of course, there are some shortcomings (where can they not be found?), in, for example, worker recruiting. This is done by employment divisions of the provincial administrations in Białystok, Konin and other cities. They are supposed to send us workers qualified enough to satisfy the needs and wishes of our hosts here in the GDR. Sometimes a GDR contractor wants just workers who are not necessarily skilled but able to be trained in a specific type of work. Meanwhile, as a result of poor recruitment practices, candidates of all types are sent, some of which have just finished education at institutes of higher learning. According to my figures, there are presently over 100 engineers that have been thrown into workers' positions...how can we allow such a waste of trained cadres?"

"And other signs?"

"If I understood you well, are you referring to 'bums'?"

"More or less."

"It may surprise you, but that is not a big problem here. There are some bad incidents at times..."

At this moment, Mr Zur's desk telephone rang. I was an unintentional witness to a short and peremptory conversation.

Hanging up the telephone, Zur said: "I just received some sad news. Two of our workers have to be sent back to Poland for large-scale smuggling of goods. Recidivists! We have about 200 of these cases per year. About half of them are currency crimes. There also occur various 'disturbances,' mainly under the influence of alcohol. On the whole, though, most people greatly value the opportunity to work in GDR and avoid fights because they know that losing their work is something very serious for themselves and for their families in Poland."

A small digression: alcohol is sold in the GDR without any sort of restrictions. Stores, station buffets, kiosks, and coffee bars, not to mention restaurants and "Bierstuben," all have shelves heavy with alcohol. As far as I could see, the prices were rather reasonable. There are many temptations and almost no alcoholics. Every country has its customs...

On leaving Mr Zur's office, I happened to have a conversation with a young Polish construction technician from Konin, Karol N., who was into his third year of work in the GDR.

"You probably know that we make a lot of money here. I, for example, have a monthly salary of over 1000 marks. With these marks, I can buy products that are very valuable at home and legally bring them back to Poland: women's lingerie (recently elastic bands for panties have been in short supply), shoes, candy and groceries. In short, everything we have taken home has been a rarity there. No one is stupid enough to break the customs regulations and lose their good work."

"Some journalists at home take a different view of your thrift..."

"That's plain nonsense! Once each month we bring home the things our families need most. Is it my fault that the pepper or coffee which is relatively cheap here is astronomically expensive at home?"

Bialystok in Lichtenberg

The first person that I interviewed at the large Fortschritt men's clothing firm was the cadre leader Manfred Kedzierski. Let no one be confused by that strange-sounding name: Manfred is a native Berliner. The city is also crawling with Wiszniewskis, Kaminskis, Schefcziks and Krawtschiks.

"We work for one of the largest and newest firms of this type in the GDR. Our specialty," said Manfred, "is men's overcoats, suits, pants and coats. We employ over 16,000 workers in 16 plants and 85 percent of the employees are women. There is also a 200-member group of Polish women working under a 4-year contract. This is already the fourth 'generation' of Polish seamstresses since 1972. To be honest, I can't imagine our operation without these Poles. Where do they come from? Mostly from the Bialystok area but recently they've been coming from Konin Province, too."

"During their first 3 months here, the girls go through a preliminary stage and seamstress training lasts an entire year. At this time, they also take a required German language course. At the end of the first year, they receive a 'skilled worker' diploma.

"How much do they earn? The first year, they make about 400 marks per month and receive a 'separation' bonus of 124 marks plus a shift supplement of 150 marks. Furthermore, these women receive all of the normal social benefits including a quarterly reimbursement for a trip home."

I ask what sort of relationships there are between the women and the GDR citizens.

"We haven't seen any problems. These Polish girls are exemplary in every way and are some of our best workers. For their good work, they regularly receive financial awards and other prizes. For everything they do, they should receive the highest praise."

Some of the most exceptional workers are the cloth cutters Halina Mierzejewska, Jadwiga Orymkowska (both from Konin), the trade union group leader Teresa Murawska as well as Grazyna Sobieraj and Emilia Macudzinska, all three from Bialystok. Aside from these persons, the plant newspaper includes the names of several other Polish women in a list of its best workers. This makes me glad.

One of the production halls: cloth-working machines of different types stand in long rows. The first shift will be ending in a few minutes (the Lichtenberg plant works round the clock). The work day will be over soon but I do not see the nervous bustle here that I have seen elsewhere. Here, work continues right up to the last minute and does not end a minute sooner.

I try to guess which of these ladies are "ours." It is hard work. The plant representative helps me. I take a few pictures "on the run." I have a few words with the girls and arrange to meet a few of them later where they live, the Tierpark neighborhood.

They live at Hans Loch Strasse 313 in a magnificent several-story building remodeled into an apartment building. An unsightly "dormitory" sign hangs over the entrance but it is the only feature distinguishing this building from any of the others nearby. The girls live in single or double rooms that are tastefully furnished. Each apartment has a bath, kitchen, etc. From the house, it is a 20-minute ride to work. The monthly rent is 20 marks. The plant cafeteria has dinners for 1 mark (the same meal costs 5-6 marks in a restaurant).

"I Don't Regret..."

"...My name is Mariola Duda. I am 21 years old and come from Lapa in Bialystok Province."

My conversant is tall, very clean and healthy.



"...I have been working for a year as a presser. Am I happy? Of course! As you see, we have good working and living conditions here. We have a 5-day work week. We only work on Saturdays when we have to.

"Our work? It's light industry, of course but a presser's job is no game. I work in a cloud of steam all day, but I'm not complaining...

"How did I get here? I was recruited. I graduated from an agricultural high school but could not find work at home. Because I was unemployed, the Employment Bureau offered a job in the GDR. I had no choice, but I don't regret being here."

Dorota Aponowicz: "...I am also from Bialystok. I am 22 and am employed here as a presser. I begin work at 6:30 am and finish at 4:00 pm. I have a breakfast break from 8:40 to 9:00. Lunch is from 11:45 to 12:15. Furthermore, we have two 10-minute 'cigarette' breaks during the day. When I was still in Poland, I dreamed of doing something different. When I finished school, I tried to go into a 2-year nursing school in Bialystok. Unfortunately, there were no longer any openings left. I came here and I don't have any complaints either. I have always been attracted to unknown countries and foreign languages. I have my own plans for the future. I am certain that the experience I'm getting here and my knowledge of German will help me to fulfill my plans. There is the other side of the coin, though: separation from family and friends. Once a month (sometimes even twice), though, I get to see them again. What are these trips like? First I take the Warsaw train and then go on to Bialystok. The girls from Konin have it easier, because the Berlin-Warsaw train stops there. If they take off at 7:30 pm on Friday, there are in Konin by 2:00 Saturday morning. We have to leave on the 6:30 pm train on Sunday and arrive in Berlin at 11:00 that night. It's a rather burdensome trip but that's the price we pay for good, well-paid work."

My next conversation was with 25-year-old Emilia Macudzinska from a village near Konin. She has been in Lichtenberg since 1979. Like her colleagues, she came here because she could not find work at home. She graduated from a chemistry technical school and works here as a presser. She has a very good salary.

"...We can add up my income and expenses on paper. My average salary is 749 marks plus bonuses. I must spend about at least 15 marks per day for food and meals. Some products are cheap in comparison to our earnings: 1 kilogram of lemons or a chocolate bar costs 4 marks, good shoes start at 35 marks, stockings cost 11 marks and a package of coffee 10 marks. If you manage your money well, you can put some aside or buy things for your family in Poland."

Finally, I spoke with Teresa Murawska, who has worked at Fortschritt since 1978.

"I come from Mielec where I worked with the railroad for 13 years. When I came to Berlin-Lichtenberg, I had the obligatory training and spent the next 3 years working on a buttoning machine. I was frequently recognized for good work and was elected the chairman of the divisional trade union cell (FDGB).

The entire crew voted for me, which shows the great trust that both the Polish girls and the local employees placed in me.

"Yes, I have been a party member since 1974, and in accordance with the PZPR charter, I also try to be active outside of the job.

"How do people here get along with each other? I feel that they get along rather well. The authorities here and the work crew appreciate our contribution to the economic development of the GDR. One thing cannot be questioned: respect must be earned, above all, by hard work. The better the worker, the more appreciated. That's how it should be.

"In April I will finish my somewhat extended stay in the GDR and will go home again. I am sure that I haven't wasted my time here. I only hope I can use all that I've learned here at home."

We will be looking at our compatriots at work in the GDR again. We are also interested in what has happened to persons that have returned to Poland after working in the GDR for 4 years. Above all, we will try to answer the question: Are the lessons learned by our friends working beyond the Oder being put to use in Poland and how?

#### Report from Leipzig

Warsaw POLITYKA in Polish No 14, 7 Apr 84 p 16

[Article by KTT: "Guest Workers"]

[Text] When I took a seat on the Warsaw-Leipzig (through Lodz, Wroclaw, Zgorzelec and Dresden) train last Sunday, people told me not to take the same train back on Friday for any price: any other day than Friday, the day for the "Gastarbeiter" [guest worker] train. The shuttle movement of guest workers looks like this: they come into Poland on Friday and leave on Sunday to go back to work. I happened to want to make this trip, both ways on the "Gastarbeiter" express.

The Gastarbeiter is a new, postwar phenomenon of European civilization. The former term used was "emigrant." The labor emigrants who sold their cheap labor abroad were Polish peasants who wandered from Pohale to America or Polish miners who left Silesia for the German Saar basin of Northern France. At that time, people emigrated along with their families and belongings, never to return. These days, it is the Gastarbeiter who fulfills the need for a cheap work force to do the most primitive and dirty work. The Gastarbeiters are Turks or Moroccans in the German Federal Republic or Algerians and Portuguese in France. Some of them permanently settle in the countries in which they have come to do seasonal work. The majority, however, return. This is often because the host countries have placed legal restrictions upon their guests to keep them from settling there and to control the labor market.

Gastarbeiters throughout Europe are far from being an economic problem for many nations. This not only applies to the countries hiring them but also to

the countries that supply them. Any expert will say that Yugoslavia's fiscal balance would look much worse if it did not have a constant flow of hard currency brought into the country by Gastarbeiters, those who return and those who regularly send their relatives at home a part of their earnings. Once I saw a Turkish film (one doesn't need to see this) showing the life of a family in Turkey that was living quite well off of the earnings of a Turkish girl in West Germany (it turned out that the money was earned shamefully--the film was a melodrama).

The Gastarbeiter movement is also a cultural and social problem. The workers generally go from less-civilized countries to those more civilized, from more primitive cultures (which, in the case of Turkey, does not necessarily mean ones with less historical tradition) to newer and more advanced ones. I think that just as the economic effects of the Gastarbeiter movement have been good, so have the cultural benefits. A peasant from Montenegro, after spending 3-4 years in Hamburg or Zurich, is a different person than he would be had he spent that time in the beautiful but somewhat primitive surroundings of his own land.

Polish Gastarbeiters mainly work in the German Democratic Republic, Czechoslovakia or sometimes in Hungary. The position of the Polish Gastarbeiter is fundamentally different from that of the classic foreign worker in Western European nations, mainly because Polish workers do not travel to a foreign country individually or on their own resources. As a rule they are employees of a Polish firm that is doing contract work abroad. Polish foreign workers have their own Polish administration and their contracts are regulated by state institutions. This means that they often earn more than local workers do for identical work. In this sense, the Polish Gastarbeiter very often contradicts the image of the West of the foreign worker who does the worst work for the least pay. However, to be frank they are not to be envied, either. If someone hires foreign workers and pays them well, it is to spare their own workers from the hardest jobs. Polish Gastarbeiters are seldom regarded as locally irreplaceable specialists and, indeed, this seldom is the case. They spend a week working, often on double shifts or worse, and spend their time off in worker housing. As I have been told, the weekends are the worst part of it. They spend them traveling--home on Friday and back to work on Sunday. When martial law was declared, the workers were restricted to one trip home per month but many tried to get around this, and with good reasons. As one worker put it: "Isn't it better for people to come home than spend 3 days guzzling vodka?"

What are our workers learning in the GDR? One most often hears the following opinions:

--The Germans have a wise and sensible system of prices. Here, everything on the market is not priced beyond the reach of a worker as it is in Poland where the price, for example, of a car, home or carpet is a pure abstraction with no relation whatever to wages. They also have some very expensive products, such as shoes for 200-300 marks (the average monthly salary is about 900 marks), but they have other shoes for the same function that cost 50-60 marks. If you want elegant shoes, you pay for them, but if you just want shoes to

walk in, they can be bought by whomever needs them. The same applies to all other products, and that is how it should be. No one is demanding that everyone live on the same level, just that everyone's basic needs be met. The pricing of children's clothing is also impressive--it is half the price of adult clothing. As we know, you have to buy new clothes for children every year while an adult can wear the same coat for several years.

--The Germans have a good cadre policy. They spend years preparing people for a given place in industry, they choose people years in advance, train them, keep an eye on them and observe them. When such a person becomes a plant director, no one is surprised that he has a house and a car and everyone feels that this is part of the prestige that comes with the job. People named to any sort of function are trusted. The foreman at a plant has bonus money and special assignments in his pocket and does not even take receipts for them. This is a real foreman.

--The cleanliness is impressive. Sometimes you go into a restaurant that would be a fourth-class establishment in Poland but everything sparkles, even in the bathrooms. If you go into the bathroom at even one of our supposedly elegant clubs it's disgusting! With us, everything is superficial luster, but over there it's really clean.

Several thousand people make these comparisons annually. This seems to be a good thing for our country.

I returned on Friday. People were carrying four or five heavily-loaded suitcases each. Gastarbeiters earn well, life in the GDR is inexpensive and they have earned their money legally. What do they do with this money? At the border crossing in Goerlitz, the customs agents entered the train. They cursorily checked bags and very carefully tapped at the compartment ceilings. At last they found in one ceiling a transport of chocolate, the cheapest brand costing 80 Pfennig a bar, which had been very laboriously hidden on the big railway car. "What do we have in comparison to that?" said my traveling companions. At Zgorzelec, on the Polish side of the border, a parade of taxis descends upon our train. At every station, people get on the train to buy things. Specialization is the rule. One person is buying only shoes while another wants only spices and a third person is buying stockings alone. By the time we get to Warsaw, the train is already sold out. Should I be mad about this? Of course I should, but show me two neighboring countries, one of which has everything at very reasonable prices and the other of which has very little, with no smuggling problems...

In Warsaw, I get a ride in a taxi. I give him a few impressions about my trip. Of course, he has a remedy for our Gastarbeiter problem: pay them in zlotys or just what they earn at home...

I am not surprised. We have recently become specialists on this type of equality.

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## INTERNATIONAL AFFAIRS

### USSR, GDR ECONOMISTS DISCUSS INTERNAL MIGRATION, MANPOWER REASSIGNMENT

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 32 No 4, Apr 84 pp 537-562

[Article by E. Kuehn and W. Salecker: "On Reports Given at the Ninth Conference of the Joint Commission of Economists of the USSR and GDR--a Survey"]

[Text] The main speeches at the 9th Conference of the Joint Commission of Economists of the USSR and GDR in November 1983 were complemented by a total of 20 contributions to the debates submitted in writing.

Some of them dealt with basic economic and social matters in the development and use of the public labor capacity in the USSR and GDR. Others dealt with selected problems of the organization and the stimulation of the most efficient use of the labor capacity.

The following presents some essential aspects of the various contributions to give a survey on the basic lines of the debates.

#### Basic Economic and Social Problems in the Development and Use of the Public Labor Capacity in the USSR and GDR

R. A. Ubaidullayeva, in her contribution, dealt with the "labor economics as a factor in boosting the efficiency of public production." She started with the remark that the USSR's current socioeconomic policy was closely linked with the progressive changes in economic development through the intensification of public production, which offered great opportunities for an efficiency growth of public production on the basis of a rational use of live and embodied labor in material production and in the non-producing branches.

One should consider that in the current 6th Five-Year Plan and in the long-range view the population that is able to work will be greatly reduced in most USSR regions, compared to the country's preceding development phases when the economy greatly developed on the basis of extensive growth factors. Increasing the number of workers in public production had for many years been the most important growth factor for the national income in the USSR. In the late 1970's and early 1980's, however, the opportunities for economic development in the USSR through using extensive factors had been greatly reduced.

The diminished growth intensity in labor resources, particularly in the overall labor capacity, proceeding along with the fast growth of the material and intellectual needs of the population and of society as a whole, under the conditions of developed socialism, demands a significant and fast boost of the efficiency in using available resources in live labor. It must not only compensate for the diminished growth in labor resources and manpower, it must also ensure growth, without which high speed in production development, a greater efficiency of it and the satisfaction of the rapidly growing needs are not possible.

Therefore one must not attempt to solve the problem of increasing the efficiency of public production at this time by seeking additional manpower for public production (though in some USSR regions, for reasons of demographic specifics, the extensive approach is still important), but must ensure an economical and rational use of those already employed in the economy.

The main developmental directions ratified by the 26th CPSU Congress are counted among the most important tasks of the Sixth Five-Year Plan, of using labor resources as rationally as possible, taking measures to balance available and newly to be created jobs against labor resources, enforcing scientific labor organization and enhancing its efficiency.

The live labor economy, according to Ubaidullayeva, presupposes a more rational use of labor resources in the economic branches and regions as well as a reduction of labor expended per production unit, based on scientific-technical progress, the reduction of losses in working time, a cutback in fluctuations, the proper standardization of labor, the implementation of scientific labor organization and other things.

She also underscored that the live labor economy reserves the USSR can dispose of may be regarded under two different aspects:

- as intraregional reserves in relation to the USSR economy at large, i.e. inter-regional or inter-branch reserves, and
- as economic reserves intra-branch or intra-enterprise in character.

Among inter-regional or inter-branch reserves one may include:

1. Men's social mobility, their ability to change occupations, territorial change, higher qualifications and so forth,
2. reserves that have to do with the occupational level of manpower and the possibilities of improving qualification, and
3. reserves in the higher qualification level of the labor cadre, such as through the school for progressive experiences and other continuing education institutions and vocational training altogether.

Among the second group of labor economy reserves, the intra-branch or intra-enterprise reserves, Ubaidullayeva counts the intra-enterprise reserves or the unrealized possibilities for a live labor economy. According to the way in which these intra-enterprise reserves show up in the production process, one could divide them into two groups:

- real intra-enterprise reserves including organizational economic reserves, and
- potential reserves including the technical-technological factors.

Continuing her contribution, Ubaidullayeva commented on some specifics in the public labor capacity economy and reserve mobilization in a multinationalities state such as the USSR. She emphasized the need for a differentiated approach for many measures in as large a country as the USSR, marked by vast territorial distinctions in the availability of manpower resources.

Technical reconstruction of enterprises in regions with insufficient manpower resources (e.g. Siberia, the Far East, the extreme north) should mainly be more speeded up than in regions with adequate and excess manpower like in the Central Asian republics.

In those republics the speed of reconstruction should always be balanced against the manpower resources available, and reconstruction should be undertaken with regard to the ratio there between the number of jobs and the volume of manpower resources and with regard to the need to keep the employment of the population at a certain and adequately high level.

In her further comments, Ubaidullayeva dealt in detail with some other problems in the public labor capacity economy in Central Asian republics of the USSR. In her conclusion, she pointed out that some of the problems referred to in her contribution were of equal importance to various socialist as well as developing countries where reserves in manpower resources exist.

G. Winkler's contribution dealt with the "influence of economic and social policy on the reproduction of the population and the labor capacity." He proceeded from that the development of the population and of the public labor capacity and their being drawn into the management and planning were basic issues in the continued social, particularly the economic and societal, development. Long-range planning and extensive forecasts on future developments that would take account of all aspects and sectors of public life were impossible without the knowledge of population and labor capacity developments in their qualitative and quantitative structure.

An analysis of the given population structure provides important indicators for decisions and measures in population and social policy that have to be taken at the present for long range and in relation to economic development and its opportunities. In this, on behalf of a well balanced and steady population development, population and social policy should not be focused only on attaining short-term, temporary effects, but effects that last for a long time.

Demographic processes are in essence social processes. Coping with them thus is part of the interactions and interrelations between economic and social policy. The requirements of the unified economic and social policies are best served by a demographic policy the results of which help secure steady economic growth, support the formation of a socialist way of life, consolidate socialist family relations, and promote personality development.

In this context, Winkler dealt in detail with the demographic situation and development in the GDR, emphasizing particularly the following groups in the population structure as significant to economic and social policy:

- The structure of classes and strata resulting from property relations;
- the educational, vocational and activity structure tied to the social division of labor;

--the age, sex and family structure linked directly with demographic development;  
--and the population structure resulting from territorial conditions.

GDR economic and social policy is aimed at attaining a simple reproduction of the population over the long haul. It is being assumed that failing to ensure simple population reproduction gives rise mainly to the following processes:

--A birth rate below the requirements of a simple population reproduction will over the long run lead to a change in the age structure in favor of the senior and at the expense of the junior generations. That alters the demands made on the production and services structure.

--The age structure of the working part of the population also changes to the detriment of the proportion of younger workers. The structure of the population also affects its mobility in terms of the facility and readiness to undertake changes with respect to education, activities, jobs and residence.

--Over the long run, the failure to ensure a simple reproduction of the population--with a commensurate increase of families with one child only--leads to changes in the need and value structures which makes it hard to turn the requisite fertility level into a solid element in the social-ethical component of the need structure.

Explaining the principles that ensure full employment in the GDR, Winkler made the point that implementing the right to work, the core of providing social security under socialist power and property relations, is one of the essential historic accomplishments of socialism and that the ensuring of full employment expresses an economic and social requirement at one. Ensuring full employment cannot be confined under socialist conditions to integrating all citizens at working age in the labor process but also always aims at an effective, personality fostering activity by all citizens able to work.

Under the conditions of a comprehensive transition to economic intensification, above all the questions of the qualitative aspect of full employment would come up in a new way. Ensuring full employment would also require extensive concomitant measures, especially in the social policy field.

The comprehensive transition to intensification, Winkler went on to say, also implied a more efficient use and systematic expansion of the available educational potential. There it would then mainly be necessary to ensure through projections a maximum of conformity between qualification levels, performance development and the requirements for scientific-technical development. One must above all work out long-term projections for the requirements that have to be placed on vocational training. There, from the vantage point of vocational training, decisive for the reproduction of the labor capacity are:

--the birth rate,  
--the age groups in vocational training,  
--the qualitative structure of the public labor capacity,  
--the vocational age structure (also in terms of territorial vocational distribution), and  
--the likely replacement requirements.

In the outcome of the economic and social development, the educational and qualification structure in the GDR was changing fundamentally. The proportion of people at work who did not complete their vocational training had dropped from 73 percent in 1950 to 19 percent in 1980.



As selected demographic and economic problems, Winkler further brought out the internal migration of manpower, the problems of conformity between required and actual qualifications, and the territorial aspects of the mobility of the working population.

The subject of U. S. Mazlova's contribution was the "mechanism of manpower potential distribution and redistribution under the conditions of production intensification." Initially commenting on the nature, functions and forms in implementing the manpower potential distribution and redistribution process, Mazlova affirmed: Manpower distribution is the concrete form of realizing the objective requirements for dividing all labor in accordance with production spheres and types of occupations for the benefit of satisfying the total volume of common needs. It endows the division of labor with a qualitative specificity in manpower distribution as to the various economic branches and given proportions.

The external manifestation of the distribution of the working population is the occupational structure reflecting the differentiation in public labor and production and the proportionality involved.

The change of the occupational structure comes primarily through the distribution of youths entering the working age and of persons not previously employed in public production and through a redistribution (or new distribution) of manpower employed.

Each of the forms in manpower distribution referred to has its own functional specifics and differs in the manner in which it affects the employment structure. Interactions among them come under the influence of a broad system of production technology, socioeconomic and demographic factors. Right now there is a 1 to 8 ratio between primary manpower distribution and its redistribution in the USSR economy, which will continue to grow, regardless of the degree of production intensification.

Among the organizational forms of the manpower distribution in the USSR are an organized focus on the work done by young specialists and skilled workers completing their studies at colleges, technical and vocational schools; the activity of a special employment service; an organized recruitment of manpower for work in different fields; appeals addressed to youth; an organized shift of skilled workers and specialists to other (temporary or permanent) jobs in the same or a different enterprise or in the same or a different territory; family resettlement (at this time mainly in rural areas); assistance in the integration in the labor process (job search) by population contingents through special commissions of the local soviets of the people's deputies (in particular for pupils completing the general education schools; high school graduates not going into vocational schools, and all this on the basis of public announcements of jobs available); and finally the integration of citizens in the labor process on their own initiative, through direct contracts with the enterprise.

Mazlova gave details on the main trends in perfecting mechanisms for the manpower potential between 1967 and 1983.

Some additional measures have already been carried out in the USSR, in its Sixth Five-Year Plan, to create the necessary prerequisites for an accelerated transition to intensive forms for assigning manpower. The role of the republics, regions and districts has been increased in supplying enterprises with personnel and so has been the complexity in preparing manpower balances; they started putting limits on the number of manpower and to ascertain labor productivity as a rating parameter without the expenditure in past labor. They have gone into a normative method for setting up the wage funds. The intention is to produce the public expenditures for manpower reproduction more completely through the enterprises in order to be able to ascertain the economic benefit from introducing new equipment more accurately and boost the production collectives' interest in a working hours economy.

Taking into account the limited possibilities for extensively expanding the boundaries of the degree of employment and the party and government course toward all-round production intensification, the main tasks in perfecting the mechanism of manpower distribution at this time and in the years ahead, according to Mazlova, lie in creating the economic, organizational and legal prerequisites for activating the process of releasing working people on the basis of an accelerated complex mechanization, automation, and the employment of robots in production, making more plan-directed the branch and territorial manpower potential distribution and redistribution, boosting the flexibility of the less mobile contingents of the working population in regions with high labor requirements, and cutting back the working people's moves from enterprise to employment, by which that individual form of movement is referred to that contradicts overall official interests.

A. Braun started his contribution, "efficiency aspects in the release and re-employment of manpower during the transition toward comprehensive intensification," by saying that the task of attaining the acceleration of higher labor productivity through intensification, in the terms of the strategic strategy issued by the 10th SED Congress, in the 1980's increasingly governed the requirements and dynamics in recruiting manpower for different activities.

To bring about, under altered reproduction conditions, the release and re-employment of manpower as a unified process and according to plan, the following consequences mainly arise, according to Braun, from the intensification criteria for the 1980's:

1. Recruiting manpower increasingly becomes subject to comprehensive intensification, which means in particular, taking account of the concomitant changes in the ways of increasing production and in the manpower situation.
2. Advances in comprehensive intensification require and have the effect that the interrelations, typical of socialism, between production boosts and ensuring full employment become tighter and more pronounced; in this the ways to ensure full employment become more and more subject to the given degree of economic intensification and the developmental phases of intensification--which do not always run in a straight line.

3. Due to the existing resources limitations, account must be taken not only of the interplay between releasing and reemploying manpower, but also of their interactions with reproduction requirements and other resources. From that follows the task of further developing the Schwedt Initiative on recruiting manpower into an all-inclusive rationalization strategy.

After dealing in detail with the altered conditions and increasing demands made on saving and on the release and reemployment of manpower, Braun took up the interrelations between a highly dynamic productivity and the ensuring of full employment.

On the further development of the Schwedt Initiative into an all-inclusive rationalization strategy, Braun observed in another part of her contribution that the Schwedt Initiative had shown in the users' combines that it is possible to combine the release of manpower with an above-average increase in labor productivity and high production growth.

In this context, in the further development of the Schwedt Initiative into an all-inclusive rationalization strategy, it would be a matter particularly of taking account of the changes in the conditions and ways for boosting labor productivity. This would mean connecting more yet the cutback in jobs and release of manpower with

--additional labor productivity for the enterprise at large;

--additional really available end products;

--a commensurate saving of energy sources and raw materials to be able to take on extra production through the reemployment of manpower; and

--reassignment structures more resolutely aimed at intensification, in particular to heighten the shift parameter of labor, of the capacities in the construction of means of rationalization, and of consumer goods production (which also includes, however, likewise making the thereby facilitated extra production of means of rationalization and consumer goods better in terms of needs, qualities and costs).

Further developing the Schwedt Initiative into an all-inclusive rationalization strategy also brought up, however, a number of fundamental problems for economically justifying and integrating the release and reassignment of manpower, especially in terms of making that more a matter of planning.

In her conclusion, Braun commented on some of these problems, such as the problem of a greater motivation for cutting back manpower, that of a more consistent determination of manpower requirements, proceeding from the altered reproduction conditions, and that of gaging the economic efficiency in the release and reassignment of manpower and the determination of normative release expenditures.

I. Wahse's contribution put up for debate questions and problems in an "enhanced output refinement as the basic trend in tapping reserves for the public labor capacity."

Proceeding from a periodization in the development of the public labor capacity and its utilization, Wahse, with reference to the task formulated at the 10th SED Congress, to use the growing educational potential for scientific-technical progress and performance improvements in all economic sectors, brought up a number of problems in enhanced production refinement and their connection with a greater economic effectiveness of the intellectual-creative potential.

The strategic task for the 1980's, to get a higher production value out of each kilogram of material through skilled labor, required more of an examination of the economic relations between skilled labor and production refinement degrees.

There are two basic ways, according to Wahse, to cut back in raw material, energy and semifabricates intensity: directly saving raw materials, energy and semifabricates and a higher degree of production refinement. Both ways were closely intertwined in economic reality.

Savings in semifabricates were marked by a more rational use and thriftier consumption, with the intrinsic value of products normally remaining the same.

Refining, on the other hand, almost exclusively depended on the data of scientific-technical progress, generally came with the use of new techniques and technologies and, in the future, more and more with a broad application of microelectronics, so that it depended on more skilled labor and led to higher intrinsic values.

Refinement characteristics are cutback in raw material, energy and semifabricate intensity on the one side and higher use values, on the other. While among the refinement factors skilled live labor gets focal attention, its use yet includes attention to factors such as new technologies, new working tools and new objects of labor, reflected, in particular, in modern data processing techniques, automation techniques and working materials. Not until skilled live labor is integrated and combined with the data of scientific-technical progress in the form of embodied labor can one get to refinement processes at economic magnitudes. That is the main road for refining, the implementation of which is to be sought as a priority under GDR conditions because what matters is to increase the proportion of refinement steps within the framework of economic structural development. The purpose could not be further to process products that were refined at a preliminary level, but based on that one should have to come up with refinement achievements of one's own.

Refining would certainly not always have to be linked with using skilled labor. The manufacture of refined products on one level often depended on the use of skilled labor in the preparatory stages used as higher intrinsic values in the form of technologies, working tools and objects of labor, which are imperative for getting refined products on that level. The same applies to imported technologies and means of production.

Prerequisite to refinement processes mostly are new technological procedures and the use of modern techniques, which also can only be developed by means of skilled labor.

Then Wahse dealt with a number of problems in the refinement process, such as the problems of measuring the effectiveness of refinement processes, the degree of refinement and the qualification intensity. An important indicator for the degree of production refinement, he emphasized, was the foreign exchange yield per kilogram of material used for exports.

Discussing "problems of labor organization and incentives in socialist agriculture," A. I. Arkhipov first dealt with the tasks facing USSR agriculture in the 1980's which, he thought, were much like those confronting GDR agriculture at the present. It would be necessary

- greatly to speed up the development of agricultural production;
- to intensify the development of that branch and regard that process as an element of the overall economic intensification process;
- to orient the material-technical base created in that branch, especially the basic assets, more at increased growth and a higher level of labor productivity in agriculture because only under those conditions can one overcome and do away with the prevailing manpower deficit and trim the number of seasonal workers each year; and
- to combine, above all, the intensification process with a continued transition to industrialized production methods, on which it should in fact be based, which is bound to lead to great improvements in the cost/benefit ratio, i.e., to a higher efficiency in that branch.

In all this, agricultural intensification had the same socioeconomic objective in the USSR and in the GDR, that is to say, rigorous improvements in supplying the public with foodstuffs and industry with raw materials, a greater efficiency of that process, and an increased conformity between rural and urban working and living conditions.

In the USSR, especially since the May 1983 CPSU Central Committee plenum, the party and the government had done much to strengthen the economy of collectives and state farms and create stable economic conditions for an expanded reproduction of agricultural enterprises in all zones of the USSR and for enforcing effective economic cost accounting.

As the most important measures in this context, Arkhipov referred to

- the higher wholesale prices introduced on 1 January 1983 for the chief varieties of agricultural products and the introduction of premiums for the wholesale prices for products sold to the state by outfits that are not working economically or show low profit; and
- improved incentives for the working people in agriculture, aimed at bolstering their interest in achieving high end products.

Broad space furthermore was given in Arkhipov's contribution to ideas about some aspects in changing the nature of agricultural labor in the USSR and their implications for the incentive system. The essence in these changes in the nature of labor lay in that it increasingly assumed features of collectivity. The labor results of the entire collective as well as its members were increasingly determined by a reciprocal interchangeability and coordination of activities.

Proceeding from that understanding, Arkhipov went into detail about basic theoretical and practical problems in the paying of agricultural wages in the USSR. That was bound to lead him to the problems in combining collective forms of labor organization with remuneration in terms of final results, as expressed in the process of setting up brigades and working teams operating on the basis of brigade (or collective) contracts.

What mattered at this time was firmly to integrate this progressive form of labor organization and incentives, during the Sixth Five-Year Plan, in the production practice of the USSR collectives and state farms.

K. Schmidt dealt with "problems in the rational use of the public labor capacity in GDR agriculture." He started out by saying that the problems to be solved in GDR agriculture of rationally using the public labor capacity are inseparably connected with the transition to a qualitatively new level of agricultural intensification in the 1980's and 1990's.

The economic strategy issued by the 10th SED Congress mainly sets the following criteria and requirements for intensively expanded reproduction in GDR agriculture:

- Feeding the public at the level attained and subject to further qualitative improvements must increasingly be ensured on the basis of our own crop yields;
- a high growth in labor productivity is imperative;
- the cost/benefit ratio primarily is to be improved through higher yields and better performance and a higher materials, energy and basic assets economy; and
- the cooperative farmers' working and living conditions must be further improved in line with the goals of GDR agrarian policy.

Schmidt made the point that in extending the GDR's agricultural intensification the labor-saving reproduction processes have to become more effective and be combined with a fund-saving reproduction.

The needed production growth on further diminishing acreages makes high demands on greater labor productivity. It would therefore be important in the process of ongoing intensification to create optimum conditions with regard to the rational use of live labor and its substitution, the efficacy of education, the performance principle and economic incentives, the development of the material-technical base, effective organization and combination in the production processes in the LPG's [agricultural producer cooperatives] and VEG's [state farms] and their cooperative facilities.

That called for ensuring the sort of labor capacity reproduction according to plan that would take account of the diversified branch, territorial and enterprise requirements for an efficient use of available natural and economic conditions. That requirement is closely tied in with the reproduction of the class of the cooperative farmers.

The GDR's agriculture, forestry and foodstuffs industry employed 1,216 million cooperative members and workers in 1982. That comes to 14.7 percent of all who are working full time in the national economy. Some 829,000 cooperative workers and members were engaged in crop and livestock production enterprises. That makes 10 percent of those working full time in the economy. Through that labor capacity GDR agriculture in 1982 produced 10.1 percent of the GNP and two thirds of the primary raw materials of the economy. Thereby it ensures an internationally respectable supply level for the public.

Gaged against the available natural and economic production conditions, i.e. the soil, the highly skilled manpower available and its material-technical base, GDR agriculture had remarkable opportunities for further performance development.

The use of those potentials of course also depended on weather conditions. Yet its full use was more and more being determined by the subjective control over very complex and complicated agricultural production processes and the proportionality and quality in the use of the means of production.

The further performance improvement in GDR agriculture, at the level attained in the material-technical base and the skills in manpower, makes much higher demands on scientific-technical progress and its broad application in each socialist agricultural enterprise.

After concluding the mechanization of simple manual operations it becomes important to solve the complicated task to bring about step by step the mechanization, thus far not possible everywhere, of all crop and livestock production labor processes while closing mechanization gaps still in existence.

After a detailed presentation of basic problems and tasks in the further intensification of agricultural production in the GDR, Schmidt then turned to a number of problems in the reproduction of the public labor capacity. Conditions differing locally affected the objectively required manpower status, its structure, qualifications and rational use.

A point also was made of the contribution that can come from a target-directed, consistently effective inducement and motivation of the cooperative farmers and workers toward high achievements and a low consumption of means of production for making a better use of the labor capacity. Central consideration here was due the consistent implementation of the performance principle with regard to proven forms for the distribution of cooperatively produced income, depending on the growth of its own and of the net product.

W. Ostwald dealt with "population reproduction in the territory and possibilities for bringing an influence to bear on the territorial structuring, mobility and assignment of the labor capacity." First he commented on the role of the territorially differentiated long-term population trend as an element of the territorial conditions for intensively expanded reproduction and observed that the increasing importance of the territorial reproduction conditions was an objective inevitability behind intensively expanded reproduction.

Especially for an intensification in a socialist country such as the GDR with its historically grown high-grade territorial concentration of its productive forces, it becomes more and more imperative for the potentials to be resorted to in conformity with the plan, due to the differences in proportions in the various bezirks and kreises and in the entire territory, as among the factors of labor, residence, education, recreation, transportation and others.

That called for a greater concern for demographic processes and structures. The long-range development of the population and of the public labor capacity in its territorial differentiation is a factor of increasing importance to the intensification of socialist expanded reproduction and the exhausting of all reserves for boosting economic efficiency. In the 1980's and 1990's that pertains in the GDR to

- the territorial distribution of the population and the public labor capacity in terms of number, age and sex,
- the level of securing the reproduction of the population and of the public labor capacity in the territories, and
- the volume, structure and course of migration.

In talking about the relationship between a natural population reproduction and migration as it affects the continuity and stability of the territorial population trend in the GDR, Ostwald, in a second set of problems, explained that up to the year 2000 the differentiated trend of the resident population in the GDR would continue, especially between the industrial agglomerations in the south and the more agricultural bezirks and kreises in the north of the GDR. In terms of bezirks, that means, up to 2000:

--the largest population increase in the capital, Berlin, and a continuing slight increase in the bezirks of Rostock, Frankfurt/Oder, Neubrandenburg, Cottbus and Schwerin; but

--a relative strong and steady population drop in the bezirks of Karl-Marx-Stadt, Leipzig and Halle, and more so also in the industrial bezirks of Magdeburg and Dresden.

The main problem, according to Ostwald, is the agglomeration in the south of the GDR. To make an efficient use of the objectively given agglomeration advantages in those regions, a steady and stable population development is needed. At this time, that is still impeded by manifestations of population drifting away from these agglomerations and too low a natural reproduction level of the population.

In the third part of his statements Ostwald commented on the tendencies and problems of migration in the GDR. Initially he asserted that by international comparisons the volume of migration in the GDR was not very large. Circa 2.5 percent of the GDR citizens would change residence once a year (across communal boundaries). That volume had remained by and large unchanged in the last decade. The sex structure in the migration is in balance, its age and family structure has more or less remained the same. Half of the cases of migration to other bezirks was merely a migration to adjacent bezirks and was fairly immaterial in territorial and economic terms.

Economically relevant, however, migration in the GDR would become through considerable differences between the structure of the migrants on the one side and the population, on the other, and by a strong territorial differentiation in the course of migration. Both would have a long-term effect on the natural population trend and, hence, on the territorial manpower distribution.

In his conclusion, Ostwald commented on the new demands made on the planning for the public labor capacity, resulting from the territorially differentiated development of the public labor capacity and the requirements for its most efficient utilization in line with the economic strategy the 10th SED Congress has issued.

Under the topic "the international cooperation of the CEMA member countries and the use of manpower resources," Mikulski in his contribution to the debate commented on theoretical and practical matters in international manpower migration, a component of the economic relations among the CEMA countries.

He initially pointed to the difference in principle between the international manpower migration in the region of the socialist countries and the international manpower migration under capitalism. Essentially, these two social types of manpower migration had nothing else in common but that a worker would for a shorter or longer period go from one country to a different country.



Socialist international manpower migration is no spontaneous migration by workers looking for jobs or less severe living conditions, as is the case in capitalism, where a migrant worker virtually takes his own chance and not rarely lands in a socioeconomic and political situation of discrimination in one form or another in the country in which he works.

Manpower migration in the community of the CEMA countries is an organized process according to plan of temporarily delegating manpower from a country's official and economic organs for applying their job capabilities in a different country, aiming at the fulfilment of certain production, scientific-technical and other assignments, including tasks for improving the qualifications of these workers themselves--all coordinated among the countries.

Such migration is carried on with the aim of developing the economic collaboration among the CEMA countries, that is to say, in the mutual interest that fully preserves the socioeconomic and political rights of the workers involved in that migration, and by using all the levers for their material incentives. However, socialist international manpower migration is no end in itself and serves no self-sufficient, isolated forms of inter-state economic relations, but it is used as a means to carry out economic projects realized on the basis of the CEMA countries' mutual collaboration.

Socialist international migration is engaged in only, and insofar, as it is necessary for satisfying economic interests of the collaborating countries. That also explained why within the CEMA countries there was no sharp division as between socialist countries from which manpower is delegated to other countries and socialist countries that take in foreign workers. The crucial factor is the interest any given country shows in various forms of economic collaboration.

By means of the international manpower migration in the community of the CEMA countries various economic tasks are taken care of that result from concrete needs of the collaborating countries. Hence socialist countries, according to Mikulski, primarily use their international manpower migration in the following areas:

- construction and assembly, particularly for developing enterprises in branches producing energy sources, raw materials and semifabricates, and for establishing international transportation routes with the idea of meeting the collaborating countries' needs in those types of resources, but also for setting up enterprises and other projects, for the assembly of installations and operations within the framework of the normal economic activity of one country's construction and assembly organizations in a foreign country;

- industrial and agricultural production, where the training and continuing education and the exchange of production experiences often go hand in hand with ensuring the manpower requirements in enterprises. Two forms of collaboration are typical of it: delegating workers and specialists to a different country to work in enterprises in the products of which the home country is interested, on the one hand, and a commuting manpower migration between neighboring countries. These migrations include also the dispatch of manpower assistance for coping with agricultural efforts; and

- science, especially dispatching science associates for an experience exchange and joint research, bilaterally or multilaterally. Important in this context also is the sending of citizens from one country to another for foreign study.

In his further comments Mikulski dealt with selected problems of the organization, remuneration and other tasks that have to be taken care of in manpower migration according to plan among the CEMA countries.

#### Selected Problems of the Organization and of Incentives for an Efficient Use of the Public Labor Capacity in Developed Socialism

In his contribution on the subject "the socialist competition in the organizational system for public labor," M. I. Voyekov mainly dealt with the objective principles of socialist competition and the organizational cooperation of the socialist competition with the economic mechanism in the USSR.

The importance of competition greatly increases under the conditions of the developed socialist society, he affirmed. Precisely the maturity of socialism is decisive for that the best conditions exist for the spread of creative initiative among the working people, for a socialist spirit of enterprise, for an attitude toward the work that is to be done, relying on the proprietary sense, which is best expressed in the development of socialist competition. Further perfecting economic management made it necessary to use more fully still the socialist competition within the system of a planned socialist economic management in close connection with improving the organization of all public labor.

In recent years, according to the Voyekov, in economic theory and practice the thesis has been increasingly disseminated that the organization of competition has to be more closely linked with economic planning, economic cost accounting, the management of scientific-technical progress and other elements in the economic mechanism. Looking at the economic mechanism without taking into account the elements in conducting competition gave no complete idea of the advantages of socialist economic management and of the real status of economic processes and restrained the practical opportunities for perfecting the planned management system. In turn, an analysis of the economic aspects of competition, when it is not seen in connection with the economic mechanism, could raise no claim under prevailing conditions to being complete and adequate from the creative point of view.

Then Voyekov in his contribution dealt with a number of questions and problems in linking socialist competition with economic planning.

One of the points he made in this context was that a closer organizational coordination between socialist competition and economic planning required a complex approach to perfecting all phases in that process. Assuming socialist commitments, preparing counter-plans and incentives for fulfilling them, the greater importance of standards and norms in planning, the dissemination of progressive experiences backed by plans, and setting up the requisite economic reserves--all these, according to Voyekov, are elements of a streamlined socialist economic management system reciprocally interacting.

An organic linkage between competition and plan thus required consideration for the effects of all economic laws and showed up under current conditions as an important qualifying factor for the entire economic mechanism in socialist society.

A very important precondition for further strengthening the role of socialist competition within the planned economic management system was steadily drawing competition into production organization carried on in accordance with the principle of economic cost accounting. That was especially relevant for developing the competition between production associations and enterprises as economic units, which are working completely on the principle of economic cost accounting.

Then Voyekow dealt in detail with a number of problems in the organization of socialist competition in the USSR, including the importance of the competition parameters system in general and the net production parameter in particular, material and moral incentives in socialist competition, complex competition and some other matters.

In their contribution, "generalizing experiences in conducting socialist competition in the GDR," W. Land and G. Schmunk asserted that GDR development was most closely linked with the formation and steady perfection of creative mass initiative and socialist competition.

In that process, so they asserted, fundamental assistance came from the insights and experiences that could be taken over from Soviet working people and continued to furnish impulses.

Socialist competition in its various forms and methods in the GDR fully conformed with the requirements elaborated by the party for economic, scientific-technical and social development as it was aimed at their most effective fulfillment. As essential experiences from conducting socialist competition in the GDR, Land and Schmunk brought out in this connection:

The qualitative factors in economic growth, productivity and labor efficiency, have become and are becoming ever more effectively the object of competition. That increases the economic weight of competition, and in it and through it significant social developments are taking place within the working class and the intelligentsia and between the two. Inspired by the Eighth SED Congress resolutions, the rationalization for boosting labor productivity and the concentration of innovators on purposeful rationalization are made the focal point of the competition.

In connection with the Eighth FDGB Congress in 1972, personal and, later, collective creative plans for boosting labor productivity were developed in the enterprises in which one already began to focus on using science and technology more on behalf of socialist rationalization.

Through the Ninth SED Congress and Ninth FDGB Congress resolutions, the already extant competition activities that were aimed at intensification were joined, in particular, by those that promoted a higher quality labor, the materials economy and a rational use of working time and basic assets.

The ever fuller inclusion of the efficiency-controlling factors of the reproduction process in socialist competition and a confrontation with the complexity of those factors brought it about, between the Ninth and the 10th SED Congress, that the entire science--technology--production cycle ever more compellingly became an object of creative mass initiative.

A visible expression of that development, according to Land and Schmunk, was the Schwedt Initiative, of universal significance overall for the intensification process, the key idea of which is to produce more with less manpower and solve new necessary economic tasks by using the manpower thus released.

Land and Schmunk dealt in detail with the various aspects of the changes in the substance of socialist competition which became evident, in their view, mainly through the party and trade union orientation on the conducting of the competition in the Karl Marx Year 1983, and which reflect the experiences of the 1970's and the requirements for the 1980's: in still more effectively contributing through socialist competition to significantly boosting labor productivity through a further deepening of intensification by way of an acceleration and an increased economic efficacy of scientific-technical progress and socialist rationalization, and in further improving the cost/benefit ratio.

In the further course of their remarks, Land and Schmunk commented on a number of concrete experiences and insights in conducting socialist competition in GDR combines and enterprises.

The contribution by A. V. Siginyewich reported on experiences and projections in the development of "brigade forms of organization and wages" in the USSR economy.

The development of brigade forms of organization and labor incentives plays an important role within the complex of measures to perfect the economic mechanism and enhance production efficiency, carried out in the USSR in line with the 26th CPSU Congress resolutions.

In the 11th Five-Year Plan of the USSR, the brigade form is supposed to become the main form of labor organization and wage payments, as it conforms most perfectly with the current demands of the scientific-technical progress, of the higher educational level, and of the cultural and occupational level of the working people, and because it serves the development of democratic principles within management, the heightening of creative activity, and the consolidation of work discipline.

In 1982, USSR industry accounted for circa 1.3 million production brigades employing more than 50 percent of all the workers. By the end of 1985, they are supposed to include between 65 and 70 percent of all workers, according to plan.

Here one always has to take into account, says Siginyewich, that these are, in principle, brigades of a new type. They are based on a form of organization and labor incentives where the brigades, as the basic cells of the work collectives, are preassigned quantitative and qualitative labor parameters, together with rating criteria for the activity of the enterprise on the whole, which will ensure a material concern for the end results of the collective labor and offer the needed self-reliance in solving production problems and a wage distribution with regard to the share of labor contributed by each member of the brigade.

The most significant feature of the brigades of this new type, according to Siginyevich, is that payment is made not only in conformity with a unified labor mission but, exclusively, for the work done complete that was assigned to the whole brigade, once a construction sector or product is finished. That reinforces the unity of interests of the brigade workers and is aimed at their creative efforts toward disclosing and making better use of the reserves for labor productivity boosts.

Through this mode of payment, the working people's personal and collective interests touch. That is why work in the brigades is stimulated with regard to the particulars and the tasks in the collective forms of labor organization, bringing its advantages out completely. This implied two aspects in the brigades: computing payments and premiums in conformity with the brigade's collective labor results, and the distribution of the collectively produced wage totals among the brigade members, consideration given to the individual share of each.

In his conclusion, Siginyevich mainly gave details on concrete issues in brigade forms of payment.

The most significant ways and means for perfecting the material incentive system for working people in the USSR at the current stage were presented and discussed in A. V. Vikhlayev's contribution, "stimulating labor productivity boosts and production efficiency."

The speaker started out by saying that the socialist distribution relations, an organic component of the whole system of production relations in socialism, made possible solving two important tasks: meeting the economic interests of the working people and their collectives through the outcome of their labor, and this through rational ties to the economic interests of the entire people, and thereby implementing an accelerated all-round production intensification, raising its economic efficiency at a maximum, and thereby contributing to a rapid improvement of the people's well-being. Altogether the socialist distribution relations create the conditions necessary for implementing the basic economic law in that they actively affect the production goal as well as the means to achieve it.

Perfecting the material incentive system for the working people is controlled primarily at the current stage, according to Vikhlayev, by the specifics in the development of socialist production, its most significant features being an accelerated production intensification and a rapid and all-round focus on a speed-up in the output of mass consumer goods, which brings to realization the program on social development and increased prosperity for the people.

With reference to the 26th CPSU Congress resolutions on perfecting material labor incentives and improving the efficiency in consumer goods distribution, Vikhlayev dealt with a number of relevant matters, such as determining the technical-economic effectiveness of the outlays for labor wages, the application of a wage intensity parameter for products and some other matters.

As basic trends toward perfecting the material labor incentive system in developed socialism, according to Vikhlayev, must be regarded:

--the priority placed on incentives for the economic results in the overall activity of the production associations (enterprises) that are making the largest contribution to an all-round production intensification and higher efficiency;  
--the recognition for personal contributions to the collective results in production activity; and  
--a precise regard for the intricacies and accountability of efforts as well as compensation for tougher working conditions.

Incentives for all-round production intensification and its greater efficiency, according to Vikhlayev, are to ensure not only productivity boosts in live labor, but also a maximum speed-up in technical progress, especially under the prevailing conditions of the scientific-technical revolution, the implementation of a speed-up in production automation and the application of robot technology, as well as in saving material and financial resources. With consideration to the importance of the first order that scientific-technical progress has assumed for increasing and perfecting production, it had become necessary to use as completely as possible the potentials for technical creativeness by the working people in the socialist countries.

The Vikhlayev contribution dealt in detail with the experiences of the GDR and other socialist countries in stimulating innovator activity and other achievements of the working people.

H. Hanspach concerned himself with the "main trends of WAO [Scientific Labor Organization] toward boosting labor productivity through making more use of the qualitative factors of the labor capacity."

He started out by saying that live labor was the crucial element of public production and reproduction and that science and technology under the conditions of intensively expanded reproduction could become highly efficient if man, the chief productive force and subject of production, could apply his education, skill, adaptability, sense of social responsibility and his performance dedication, as important qualitative factors of his labor capacity, highly effectively to the implementation of the economic strategy issued by the 10th SED Congress.

Proceeding from the prerequisites existing in the GDR for an efficient use, organization and stimulation of the public labor capacity, Hanspach then concentrated on a number of problem sets and solution approaches for the continued implementation of scientific-technical labor organization. Among other things, he emphasized in this context:

1. WAO is inseparable from scientific-technical progress in socialism. Economic and social results are significantly enhanced mainly by applying WAO insights. Especially important in this connection are the economic innovator processes.

2. Long-term conceptions on the labor capacity or drawing such tasks into the intensification or rationalization conceptions have proven an essential instrument for using and developing the labor capacity. One must broadly proceed from a job-related WAO, as brought to realization in recent years in the GDR, to a process-related application.

3. The higher developmental stage, compared with the 1970's, of the material-technical base, its further development and the flexible organization of production processes point to the indissoluble connection with new tasks in shaping labor relations and the working people's content of labor more and more clearly. Developing collective forms of labor and incentives in terms of final results are playing an important role because they create favorable prerequisites for that connection and promote the use of qualitative factors through efficient applications and the rational use of the labor capacity.

4. For achieving demanding economic results in rationalization, a further spread of creative mass initiative for implementing WAO is gaining increasing importance. The basis for a close tie between WAO and competition lies in spreading activities aimed at shaping performance and personality-promoting working conditions. Good working conditions and a high WAO level are imperative for fulfilling and surpassing competition goals.

5. The management and planning of rationalization measures and the implementation of WAO on all management levels are becoming a requirement for meeting the economic goals with support from all working people. Level disparities in branches, sectors, combines and enterprises indicate that more efforts are needed to insert WAO in management and planning activity.

6. Through rationalization management on all official production management levels favorable prerequisites also are to be created for conformity with territorial rationalization measures. For long-term planning and territorial manpower placement it becomes increasingly important that the results in job-saving rationalization and WAO measures at a larger scale are in good time coordinated in the combines and enterprises with the territorial organs' planning and future managerial tasks.

7. The further development and perfecting of the set of WAO instruments is another main trend toward enhancing the scientific nature and efficiency of WAO in practice. WAO tools for the analysis and organization of working tools and processes are indispensable aids in comprehensive production rationalization, reconstruction and modernization. Rationally structuring jobs for a computer-aided production preparation with modern devices, e.g., places the highest demands on the integration of WAO data.

In his contribution on the "development and introduction of WAO in the USSR," V. Nemchenko initially remarked that the economic intensification course laid down by the 25th and the 26th CPSU Congress mainly meant raising the productivity of public labor. Perfecting WAO played an important role in this. By that factor alone one was able to cut back the work of between 300,000 and 400,000 employed in USSR industry in recent years, which ensured circa one third of the growth in labor productivity.

Typical of the development and introduction of WAO measures in the USSR are its system character and mode of planning. That is accomplished by a system of organs dealing with these matters.

The state committee for labor and social questions coordinates the work on the development and introduction of WAO. It establishes the main research and

projection trend for WAO, is its main managerial organization, and decides on generalization and dissemination measures for progressive WAO experiences of a supra-branch significance. On experiences of great significance, direct decisions are made--as on those in the application of the Schokino method, brigade contracts, labor and production organization in the Volga automobile works and others.

Research on important WAO matters in the USSR is undertaken by the labor research institute under the state committee for labor and social questions.

Extensive methodological work in connection with the generalization and dissemination of experiences, cadre training and consultation activity is done by the scientific-methodological union center for labor organization and production management, also under the state committee for labor and social questions.

Many ministries and bureaus formed branch centers for WAO. These branch centers do object-related WAO planning in enterprises and prepare standard documents for various projects (plants, plant departments, sectors). These documents set down for any given enterprise the concrete tasks for elevating the technical-economic level of a project through introducing the WAO measures the center recommends.

The enterprises naturally have to do most of the work in perfecting WAO. There all functional services and management personnel get drawn, as necessary, into those efforts, yet a special department (laboratory, bureau) is in charge of WAO.

The full-time WAO service in an enterprise is under the obligation to perfect the WAO methods, coordinate that activity among all the services and departments in the enterprise as well as the labor brigades and groups, supervise that activity, and provide other services, especially labor brigades and groups, with support in methods and other support. Often that service is obligated to propagate WAO ideas and progressive experiences in that field.

Furthermore Nemchenko dealt with a number of questions in the planning, stimulation and activation of WAO in industrial USSR enterprises, with a special emphasis on the significance of the brigade form as to organization and remuneration.

"Efficiency and flexibility requirements in manpower assignments" was the focal point in the contribution by L. Hummel and G. Pietrzynski.

Proceeding from the requirements for a resolute implementation of the economic strategy issued by the 10th SED Congress, the authors brought out the increasing importance of the question about the relation between stability and flexibility in the GDR's manpower structures that follows particularly from the acceleration of scientific-technical progress, the requirements for rapidly reacting to foreign markets, and the demographic changes. That also presented the task to prepare the socioeconomically most efficient ways and means of flexibly accommodating the labor capacity to changing technical and economic conditions through planned job changes, adaptability and training.



Implementing the economic strategy called for more mobility in the public labor capacity while it also created essential prerequisites for it.

High skills and experience, political awareness and a broad general education are among the essential advantages by which, through greater adaptability and the planned management of the labor capacity, current and future demands made on the scientific-technical revolution can be met.

The decisive basis and impulse in this process is the conformity between economic requirements and collective and personal interests.

The public labor capacity in socialist society is marked by high mobility, according to Hummel and Pietrzynski. Analyses indicate that up to 19 percent of the working population changes jobs or activities annually. Not mobility as such, however, was decisive for enforcing the economic strategy, but the goal mainly to raise the proportion and effectiveness in moving manpower according to plan. The task for the direction, planning and management was how great economic effects could be achieved through a minimum of movement.

The demand for great adaptability of the labor capacity therefore did not contradict the demand for consolidating the hard-core personnel in combines and enterprises.

Hummel and Pietrzynski went into detail about the Schwedt Initiative. Proceeding from the basic economic law of socialism, they furthermore affirmed that the developed socialist society essentially had an unlimited manpower need. The socialist production relations guarantee employment for every citizen able to work so as to ever better satisfy the steadily growing material and intellectual-cultural needs and foster through the labor process the development of socialist personalities and of interhuman relations.

There was nonetheless no doubt that apart from recruiting manpower from the young working population there was no other way to solve this task but through socialist rationalization and planned adaptation.

In contrast to other forms in manpower movement (such as fluctuation and spontaneous internal migration), the immediate inducement to change jobs clearly came out of social requirements here. That made it necessary to mold political-ideological insights, develop the working people's readiness and capabilities for adaptation to different assignments, and create the industrial and territorial conditions needed for it.

Then Hummel and Pietrzynski dealt thoroughly with the management tasks in ensuring efficiency and flexibility in manpower assignment and with the experiences of enterprises that have been using the Schwedt Initiative. As the most significant realization there, they pointed out, that enforcing a planned adaptability in the process of socialist rationalization primarily was a phase of intensive work with people.

"Experiences and problems in stimulating high creative achievements among college and technical school personnel in the GDR's industrial R&D" was the subject of

H. Kusicka's contribution. He made the point that one of the basic tasks in implementation of the fraternal countries' economic strategy for the 1980's was to produce significant R&D data and use them economically fast and extensively. The GDR also assumed that the opportunities in the scientific-technical revolution had directly become the chief reserve for economic efficiency improvements and effectiveness.

As an indispensable prerequisite for high creative R&D results, especially in recent years, the following had been substantiated: The most significant results are achieved where demanding research targets and requirements are assigned in conformity with economic needs, where they are understood as public obligations, and where every effort is made to materialize them, where the atmosphere fosters achievements and creative achievements are valued and appreciated.

The management activity task in this field therefore consisted of still more purposefully developing all those conditions with care under which a creative atmosphere prospers. Its significant trait was a critical issue-taking with what has been achieved in comparison with highest international standards and an impetuous search for new, original and effective solutions. With it, a high intellectual discipline, initiative and purposiveness, the most intensive efforts and a clear orientation to the economic targets to be attained were among the indispensable normal habits in scientific-technical R&D efforts.

Proceeding from there, the main question for a higher level of R&D work continued to lie in the creative achievements by the personnel in these fields and the results achieved thereby. The all-round utilization of the capabilities of the scientists, technicians, engineers and economists and the challenge presented to their knowledge and skills, experiences and abilities to a large extent decided which results in scientific-technical creativeness are available to the GDR and to the strengthening of its efficiency.

Further steps in that direction were inseparable from more rigorously enforcing the performance principle in R&D. In Kusicka's view, this is a central connecting link with higher creative research achievements. That is particularly the case when the socialist performance principle is not solely reduced--as is sometimes done--to questions of material incentives.

Among the many conditions the socialist performance principle can effectively affect for a high creative level for the scientists and engineers, their motivation and performance attitude and their assuming their personal responsibility, above all in the following sectors, according to Kusicka, considerable reserves can still be tapped:

- a careful selection for R&D, i.e., qualified college and technical school graduates for this specific activity and performance and their most efficient employment;
- more consistent material incentives for them, dependent on their performance;
- and in the material-technical backup for important R&D projects and a rapid application and broad use of economically productive solutions and data.

Kusicka dealt with these three sets of problems relative to a number of examples, experiences and insights in the practical operations of GDR combines and enterprises.

A. Kretzschmar's contribution was entitled "some conditions and problems in using the intellectual potential in R&D." He probed into significant matters of the mobilization of the intellectual-creative potential, primarily from the vantage point of Marxist-Leninist sociology. His point was that the goal of ensuring high economic growth in the GDR related to the task to tap all performance reserves for a speedier enforcement of scientific-technical progress.

That, according to Kretzschmar, above all places a high demand on the scientific-technical intelligentsia, its wealth of ideas, its technical skills, its initiative, commitment, and joy in taking risks for the development and realization of new products and effective technologies and procedures for their manufacture.

A significant potential for solving these tasks is concentrated in the combines' R&D departments and in the scientific-technical centers. In the sector of the GDR industrial ministries, e.g., the number of R&D college and technical school personnel rose by nearly 12 percent from 1975 to 1981. Making use of this intellectual potential is an important management task in the combines in implementation of the economic strategy issued by the 10th SED Congress.

Making use of the available intellectual potential means, to Kretzschmar, both a targeted development and promotion of personality traits and attitudes that are imperative for high scientific achievements and creating the kind of conditions under which the available performance capacities, knowledge and abilities of the R&D personnel can be used and developed in better ways.

Among the conditions under which high R&D achievements are generated, central importance attached to the demand level of a task. By formulating the requirement and the level of its demand, far-reaching economic and social effects are preprogrammed, as it were. How the needs many R&D cadres have for more substantive, diversified and creative activity can be satisfied, that depends on the level of the requirement.

By the nature and the demand level of the requirement also is decided what opportunities the cadres get for personal importance and public recognition. Even the level of subjective performance demands is not insignificantly touched and affected by the type and level of the requirement. In that the requirement thus touches many needs and value orientations of the R&D personnel, it can, when it is of an appropriate level, itself become an incentive for performance.

Highly accentuated is the question of the demand level of tasks with regard to the young people getting into R&D. Many international comparisons indicate that the time span between starting R&D work and the first invention or patent is longer in the GDR than in other highly developed industrial countries.

But the experiences in the best combines also show this: If college and technical school graduates as soon as they start working in an enterprise get clearly accountable and ambitious assignments to take care of by themselves, and through the handling of which they can prove themselves and gather experiences, then it normally does not take long to lead them toward high achievements, so that they will after remarkably brief periods come out with their first innovator proposals, inventions and patents.

In some enterprises and combines the graduates are the chief supporters of the MMM [Fair of the Masters of Tomorrow] movement. Youth research collectives also increasingly turn out to be R&D cadre forges. Extremely stimulating to developing a performance attitude in young R&D cadres, to reinforcing their ties with their enterprise, to their job identification and to working out and stabilizing their plans for life was when young cadres--as is done with success in progressive sectors--are drawn into the preparation of guideline documents and relevant decisions and when they are given responsible functions in task forces and science groups where they can represent "their" sector, enterprise or discipline.

Some other results of sociological surveys also were presented in detail in Kretzschmar's contribution.

W. Rudolph's contribution dealt with "SED economic strategy requirements for vocational training, especially for improving vocational adaptability and vocational counseling." He explained that the political, economic, social and intellectual-cultural changes resulting from the SED strategy for the continued shaping of the developed socialist society in the GDR also confronted vocational training with new and higher tasks.

By training annually circa 200,000 apprentices and by the vocational training and advanced training of roughly 1.5 million working people each year, vocational training bears a high responsibility for the implementation of public goals. Its requirement relates in many ways to all sectors of public life--from shaping a political-moral and ideological position to strengthening the defense capacity of socialism.

Vocational training is especially closely intertwined with the economic reproduction processes as it affects the qualification and structure of the public labor capacity directly. The SED's economic strategy for the 1980's therefore provides vocational training with a higher significance and political responsibility.

Speaking about the requirements for the qualifications for specialists, Rudolph made the point that scientific-technical progress tends toward higher skill requirements. This basic tendency is highly dynamic and extremely differentiated. For that reason the change in work requirements would have to be regarded as typical for the foreseeable future. Along with modern production plants and technologies, traditional ones would continue to exist for a long time; often they would be next to each other.

Commenting on the questions of occupational adaptability, Rudolph defined that term as a performance and behavioral attitude, the ability and readiness for all forms of changes in the work during one's work life and, along with it, for coping with altered requirements on one's job by actively partaking in the use of scientific-technical progress.

Creating the prerequisites for high adaptability already starts in the general education polytechnical secondary school and is carried on in vocational training through a well balanced ratio between general and basic vocational training and specialized vocational training.

The substance and profile of specialized occupations should be pitched in such a way that they conform to the requirements that actually exist in the economy. A prognostic analysis of these requirements was indispensable because the teaching plans, for reasons of educational policy and economy, should always have to remain in force over a long time frame (discounting further specifications in between, the GDR counts on a validity term of from 10 to 15 years).

In what followed, Rudolph in his contribution commented on the influence by the specialized ministries and combines and by the local councils on the provisions on the substance of specialized vocations and on the ties between instruction and occupational and industrial practice. In connection with the planning requirements for the economically needed vocational and qualification structure, a point was made of the importance of a mandatory system for technicians' occupations as a component of the economic manpower system and a significant planning tool. Rudolph also treated in detail the status and developmental trends of vocational counseling in the GDR and the communist education of apprentices under the conditions of a steadily accelerating scientific-technical progress. In his conclusion, he discussed the problems of the increasing linkage between vocational continuing education and vocational training and of vocational training management and organization in the combines.

5885

CSO: 2300/464

BRIEFS

CEMA AIDS CHEMICAL INDUSTRY--A meeting of the CEMA Standing Commission for Cooperation in the Chemical Industry opened on 3 May in Kozubnik near Porabka. The meeting was called in order to discuss, among other things, the feasibility of joint ventures dedicated to the completion of suspended capital projects in Poland's chemical industry. The meeting was chaired by Guenther Wyschofsky, minister of the chemical industry of the GDR, and the Polish delegation was headed up by Professor Edward Grzywa, minister of chemical and light industries. [Text] [Warsaw ZYCIE WARSZAWY in Polish 4 May 84 p 2]

CSO: 2600/964

## CZECHOSLOVAKIA

### ENVIRONMENTAL 'DISASTER' IN SLOVAKIA EVALUATED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 14 May 84 p 12

[Article by Ota Filip: "Socialist-Style Environmental Protection"]

[Text] 25 years ago, the CSSR began building a petrochemical complex on the Great Alföld in Slovakia. Today, "Slovnaft" is the largest chemical plant in the East and the third largest in the world—a monument to successful collaboration between the CSSR and the Soviet Union. But there were two facts regarding "Slovnaft" which were never mentioned and kept secret from the population. The petrochemical complex was built during the stormy phase of the development of socialism on top of one of the largest subterranean drinking water reservoirs which today would be big enough to supply 30 percent of Czechoslovakia's fresh water needs. And—up to this time, the plant close by Bratislava does not have a water purification plant and has been dumping all of its poisonous wastes into the fertile soil of the Great Alföld for the past 25 years at the rate of 3,600 cubic meters an hour. The entire underground drinking water reservoir from the last foothills of the White Carpathians to the Slovak-Hungarian border town of Komarno is polluted with oil and poisoned with chemicals today.

When the Bratislava hydrogeological institute came up with a determination of the extent of the underground ecological catastrophe in 1971, its report was immediately classified as a secret government and party document and kept under lock and key. The "Slovnaft" management then began to consider construction of a purification plant. It even got to the planning stage; but those responsible in the central committee decided otherwise. They followed the advice of the Soviet experts and built 31 pumping stations on the Great Alföld, tapping into the polluted underground reservoir and trying to clean it up again. By the end of 1983, the "Slovnaft" petrochemical complex succeeded in recovering more than 75,000 cubic meters of oil and other chemicals which the plant had permitted to seep into the ground from the once crystal-clear drinking water below the Great Alföld. This helped "Slovnaft" to increase production and earned the plant a great number of government and party citations.

It was such a resounding success that the construction of the purification plant was postponed. Now, in fact, it is being built but if the work continues at the present pace, it will not be in full operation until 1986. Until then, "Slovnaft" will continue to dump all its poisonous wastes into the water reservoir—only to recover them in this most unique fashion. The remaining oil and the other chemical substances which cannot be recovered with the help of the pumping stations will eventually wind up in the Danube, "Slovnaft" hopes. And once the oil and the poison are in the Danube, the Slovaks no longer have to worry about them.

The Bratislava hydrogeological institute has had official permission to deal with environmental issues only since 1982. 2 years ago, the scientists were given permission by the party to test the condition of underground water in Slovakia—but only in eight of the 24 districts. For easily understandable reasons, the areas not approved in the study included the Great Alföld.

In the meantime, the 31 pumping stations which are tapping into the underground water beneath the Great Alföld have caused another catastrophe. As early as 1975, the groundwater level around the Slovak capital had gone so far down that 300 hectares of river woodlands in a wildlife preserve were in danger of drying out. The dried-out trees were chopped down and the wood was sold for hard currency in Austria. By now, almost 7,000 hectares of river woodlands along the Danube and the Little Danube are either about to dry out or have already been cleared. An attempt is being made to replant the barren areas—but to no avail. Acid rain and the poisonous clouds from the "Slovnaft" chimneys are killing all the greenery. The river woodlands on the Austrian side of the Danube, directly across from Bratislava, will probably be able to survive for a time because the poisoned underground water from neighboring Slovakia is washed away by the Danube and it is only the foul smell, poisoned air and acid rain which are being exported to Austria across the river.

The findings collected by the Bratislava hydrogeological institute over the past 2 years are frightening and therefore kept secret in Czechoslovakia. Slovakia, which was as wooded and as rich in drinking water as Norway, Sweden and Finland 20 years ago, is dying of thirst today. In late 1983, water was rationed in 542 communities and towns of the Slovak republic. The Slovak minister for agriculture and water economics, Margetin, tried to reassure the population on 6 April by once again talking about the artificial lakes and dams which are to solve the water supply problem at long last. But he said nothing about the real problems faced by these water reservoirs and the water supply situation generally: since there are no healthy woodlands left in either Bohemia or Moravia whose lumber can be sold in the West for hard currency or at dumping prices, the Slovakian woodlands are now being cleared. In 1984, the Slovaks must break all existing records and sell 1.9 million cubic meters of lumber



to the West. The snow on the now barren Slovakian mountainsides is melting too fast. The water does rush into the artificial lakes and dams according to plan; but these lakes and dams which have a theoretical capacity of 1.5 million cubic meters of water cannot hold this amount because the melted snow and the rainwater come rushing in too fast and too mightily.

But even if the reservoirs are full, there are other problems. 30 to 40 percent of the water in the reservoirs never get to the consumer. The water pipelines are rusty and full of holes and far too often they burst. And then there is another thing. During the stormy era of the development of socialism, one plant after another went up in Slovakia; but none of these made provisions for supplying its own water. All the new plants were connected to the public water system and that appeared to have solved the issue. Sewage disposal plants were not built at all. There was no need for that, was there ? There are enough brooks and rivers in Slovakia and almost all of them eventually flow into the Danube.

Aside from the Great Alföld, the consequences of this aspect of socialist planning have hit eastern Slovakia hardest. The steel mills near Kosice—which are situated in a region that always was dry—are using up almost all the available water so that the city itself, with its more than 210,000 inhabitants (not counting the satellite communities nearby) has a shortfall of 600 liters of drinking water per second even in wet years.

Slovakian power plants not only produce electricity but also catastrophes—such as are unknown in the West. The first catastrophe occurred on 25 May 1965 in the vicinity of Nowaky. On that day, the slag piles of the coal-powered plant started to move, breaking through the dam designed to contain them and flooding the landscape. The party promised that the problem would be resolved immediately and permanently. Nothing has been done until this day. The mountain of ashes has grown to a height of 246 meters and the ruptured dam has been shored up four times. Over the past several years, the Prague government has approved some 3,000 laws, regulations and ordinances to protect the environment. But that is all. They were approved. It went no further than that.

9478

CSO: 2300/469

MINISTER ADDRESSES DEFICIT IN TRADITIONAL TRADES

West Berlin IWE-WIRTSCHAFTSDIENST in German No 60 21 Apr 84 p 1

[Unsigned article: "GDR Does Not Want to Change Its Policy on Trades"]

[Text] Berlin, 21 April 1984--The GDR wishes to continue the "goal-oriented policy on artisan trades" which it has pursued over the last few years and strengthen the training of young people in artisan trades. As Dr Udo-Dieter Wange, the minister in charge of artisan trades, explained, the policy on artisan trades is oriented towards the "maintenance of that artisan capacity which is important to supply" and an "increase in supply self-sufficiency" in cities and municipalities. Since many artisan enterprises are still being closed in the GDR because of aging, the minister described it as necessary that the children of the owners be won over to taking over their parents' businesses, and that they receive special support.

In view of the lack of young blood in artisan trades, the minister moreover called for "intensified training of apprentices" in the traditional skilled trades, such as that of baker, butcher, shoemaker, saddler, bicycle mechanic, roofer and bricklayer. The "necessary young blood" should be guaranteed through close cooperation between the career guidance and planning bodies on the one hand, and trade organizations and societal forces on the other, he said.

In many places in the GDR, artisan services are still not sufficiently available, while there are very large differences within individual cases. Although a large number of artisan trade licenses have been granted over the past few years, the decline in enterprises as a whole could not be stopped. In 1983 the number of private artisan enterprises fell to 82,130, a drop of 579 compared to the previous year. However, in various branches, such as in the motor vehicle trade, the number of private enterprises rose.

12271

CSO: 2300/446

GERMAN DEMOCRATIC REPUBLIC

INDUSTRIAL, COMMERCIAL VENTURES IN AFRICA REVIEWED

Frankfurt/Main FRANKFURTER ZEITUNG in German 25 Apr 84 p 2

[Unsigned article: "GDR Strengthens Its Commitment to Africa"]

[Text] Since the latest review was published in the 7 April 1983 issue ("The GDR Is Active in Many African Countries"), the GDR has continued her intensive efforts in Africa. Specific focal points of that activity have emerged, among them--in North Africa--Algeria, Libya and Egypt. In the East African region, the list includes Ethiopia and Mozambique, and in West Africa, Nigeria, the People's Republic of the Congo and Angola.

In Algeria, the GDR-constructed steel foundry became operational in late February 1984, after the grey cast iron foundry of the industrial complex had begun producing in the spring of 1983. Both installations, whose annual capacity totals 18,000 tons of cast iron products, are housed in a 350 meter long and 240 meter wide building. Four induction smelters from Henningsdorf, among others, are producing here. Molds are also being cast for the iron and steel complex of the state-owned Societe Nationale de Siderurgie (SNS) in El Hadjra near Annaba. The grey cast iron and steel foundries employ about 1,800 workers, most of them trained by GDR technical personnel. In addition, the GDR is currently setting up a cable factory in the oasis town of Biskra.

GDR assistance to Libya is above all for agricultural development and, in return, the GDR imports considerable quantities of crude oil from that country. It was announced at the most recent Leipzig Fair that Libya had purchased a major quantity of industrial products from the GDR.

In mid-March, the GDR and Egypt signed an economic and technical cooperation agreement. At the same time, the decision was made to form a joint commission to strengthen economic, industrial and scientific-technical cooperation. The power plant construction factories in Magdeburg and Dresden are supplying transformer stations for rural electrification and the export-import firm Germed is furnishing laboratory and chemical products. To pay for the import of equipment for the rural electrification project, the GDR has granted a \$17 million credit to Egypt in the summer of 1983.

So far, the GDR has assisted Egypt primarily in the manufacture of commercial and farm vehicles as well as motorcycles and mini-motorbikes. Both countries

want to intensify their cooperation in the food industry, e.g., through mills, silos and mixed-feed plants. The Progress Agricultural Machines VEB combine at Neustadt (Saxony) recently supplied more than 20 combines of the E 512 type, as well as tractors, seed drills, fertilizer spreaders, high-pressure balers and other machines. Egypt is also an important customer of the heavy machinery construction VEB "S. M. Kirov," Leipzig, which is one of the world's leading rotary railroad crane manufacturers.

A Moroccan customer bought 41 mounted warf cranes from the Takraf Crane Construction VEB, Eberswalde, which were shipped on pontoons from Rotterdam and put into service immediately on arrival. Egypt is also an important customer of that GDR enterprise. Here, the cranes are used in the Hulwan and Turah cement factories.

In the East African region, two large industrial plants are scheduled to start production by September 1984; they are being built in close cooperation with the GDR. In Kombolcha, in the north-eastern Wollo region, the GDR is the general contractor for a textile factory and also furnishes the steel structures and looms. This textile plant (3,500 workers) will expand Ethiopia's textile output by approximately 20 percent. The second industrial plant involves the construction of the New Mughher cement factory near Addis Ababa, which will be able to produce 1,000 tons of cement a day.

The GDR and Tanzania reached agreement in the summer of 1983 to expand their trade relations. The GDR agreed to supply 10,000 bicycles and other industrial products. In exchange, Tanzania will supply coffee, cotton, tea and tobacco.

In Mozambique, with GDR assistance, the Unango state farm is being developed in Niassa Province in the north of the country. Its maize production already is covering a 1,000 hectare area. It also grows cabbage, paprika, onions and other vegetables. The state farm, which is also providing maize seeds to the neighboring cooperatives, uses tractors from Schoenebeck and combines from Neustadt.

A textile factory, which is being built with GDR help, is scheduled to become operative this year in Momba, Mozambique. It will get its electrical power from the Cabora Bassa Dam. It is expected to produce 34.6 million meters of fabric a year; this will require 12,000 tons of domestic cotton and 2,500 tons of imported synthetic fibers.

In January 1984, Mozambique took into service a 185 kilometer long, high-voltage (110 kilovolts) line and three connected transformer stations between Nampula and Nampaca, all of which were constructed with GDR support. This power line determines, to a large extent, the industrial development of Nampula, Nacala and Monapo which process cashew nuts, cotton, sisal and wood.

In Mozambique, the GDR assists the Cometal-Nometal state enterprise (1,000 employees) in Maputo in the manufacture of freight cars. Some 250 units were built in 1982, and a further hike in output is planned. Production of welded bogies was started under a license from the Railroad Car Construction VEB

Niesky; that now makes Comet-al-Nometal much less dependent on imports. Also, specialists from the GDR state railroad are repairing Mozambique's railroad lines.

The GDR has also committed itself in the southern African nation of Zimbabwe. In late May 1983, an economic, industrial and scientific-technical cooperation agreement was signed on the occasion of Prime Minister Robert Mugabe's visit to East Berlin.

In late 1983, the second GDR export fair was held in Luanda, the capital of Angola. In that country, the GDR has been particularly active in developing the transportation sector. So far, more than 9,000 W-50 trucks have been shipped to this former Portuguese colony, and six repair shops have been set up for maintaining and servicing them.

In March 1984, economic discussions took place in Zaire's capital Kinshasa between representatives of the GDR and the equatorial African country. Both countries believe that it is possible to further develop economic relations between the two countries.

At the end of February 1984, the sixth session of the Bilateral Mixed Commission for Economic, Scientific and Technical Cooperation ended in Brazzaville, the People's Republic of the Congo, relating to the further expansion of their economic relations. On this occasion, a modern coastal radio station, supplied and installed by the GDR, was put into operation in the port town of Pointe Noire. Cooperation between the GDR and the People's Republic of the Congo is especially close in the area of postal service and telecommunications.

In Nigeria, GDR firms were brought in to construct a rolling mill for the Ajaokuta iron and steel complex. The companies involved were the Heavy Machinery Construction combine VEB "Ernst Thaelmann" (SKET), Magdeburg, and the Electrical Planning and Installations (EAB) VEB, Berlin-Marzahn. At the turn of 1983/84, it was announced that the GDR had agreed to extend a long-term credit to Nigeria for the import of machinery and equipment. The GDR is going to furnish these installations for use by Nigeria's food industry, since Nigeria is in the process of promoting more than before her neglected agrarian sector.

The GDR is also an important supplier of rolling stock for the railroad. The firms Railroad Car Construction Berlin, the Locomotive Construction-Electro-technical Plant "Hans Beimler," Henningsdorf, and the Railroad Freight Car VEB Niesky supplied locomotives, passenger cars and freight cars, particularly to Egypt, Algeria and Tunisia.

7821

CSO: 2300/443

GERMAN DEMOCRATIC REPUBLIC

ROBOTRON MAJOR EXPORTER OF TYPING, TYPOGRAPHICAL EQUIPMENT

Duesseldorf HANDELSBLATT in German 6/7 Apr 84 p 12

[Unsigned article: "Typewriters to the FRG"]

[Text] Hanover, 5 April--This year, the GDR firm of Robotron will deliver 100,000 manual and electric typewriters to the FRG--which is 60 percent more than in 1983. This was stated by Berger, the deputy general director of the foreign trade enterprise Robotron, at a press conference in Hanover.

At the Hanover Fair this firm is concentrating "on areas of emphasis which we are able to and want to push commercially," as Berger formulated it. As new products he described a bilingual typewriter (English/Arabic, switch-selectable) as well as a digital image processing system for active microscopic analysis in medicine.

Robotron, whose strength lies in typing and typographic technology, according to its own information--the greatest chances for the future are accorded to its thermal printer--has an export ratio which is in excess of 50 percent; moreover, of this 90 percent goes in turn to the other CEMA countries. Some 10 percent is left for exporting to the West. As Berger said, this ratio will not change, although assuming constantly increasing production annual growth rates of between 15 and 20 percent are planned.

A sales volume of about DM 30 million is expected in trade with the FRG for the current year. The accent will lie with typewriters. In this connection, Berger indicated that his firm still will be manufacturing and also marketing for Olympia. In the FRG typewriters will be marketed under various trade names, with the chief business being conducted by way of department stores, mail-order firms, and central markets. The collaboration with the firm of Sanio (of Munich) is also characterized as an area of cooperation which is capable of expansion. It is also noted with satisfaction that in recent years the firm has succeeded in marketing software as well in Western countries, with two firms in the FRG and France being mentioned as examples.

12114

CSO: 2300/440

DECREE ON WORKER RECREATION FACILITIES DISCUSSED

East Berlin PRESSE-INFORMATIONEN in German No 47, 19 Apr 84 p 5

[Article by K. Molkentin, section head, State Planning Commission: "Making Better Use of All Recreational Facilities for Worker Vacations"]

[Text] In the 35th year of the GDR, some five million working people and their families will be able to spend their vacations in trade union and industry recreation centers. While the FDGB [Free German Trade Union Federation] had at its disposal 102 holiday centers with some 5,000 beds in the year of the founding of our republic, there are now more than 680 centers with approximately 59,000 beds. Great opportunities for vacation arrangements for working people are also available in the numerous industry vacation centers, bungalows and similar resorts, with a total of 360,000 beds. Over the past few years, the number of yearly vacationers at these vacation facilities has risen to almost three million.

In order to even better meet the growing needs of citizens for high-class vacation trips, relaxation in nice vacation lodgings and refined care and attention, future use of all situations should be more extensive than has been the case up to now. Analyses concerning the development of the industry vacation system, and in particular of the occupancy rate of industry vacation facilities, have made it clear that large reserves of vacation opportunities for working people still exist, which would require no investment to develop.

With the "Ordinance on the Planning and Use of Industry Facilities" (GB1. [Civil Code], Part I, No 11, from 19 April 1984), an important prerequisite was created in order to more effectively execute the resolution made by the Council of Ministers on 14 November 1978 concerning "measures for the development of the influence of the FDGB over the industry vacation system and for the guidance and planning of industry vacation facilities." A higher occupancy rate of available industry vacation facilities should be reached, so that more vacation trips can be made available. At the same time, differentiations in the supply of vacation space in the sectors of the national economy as well as in the level of provisions should be overcome.

The new regulations concerning the industry vacation system were also taken as an important foundation for assuring the effective use of material and financial funds in this area. They are a further development of the hitherto

operative regulations, whereby in particular the commitments for cooperation by the industrial enterprises with the vacation service of the trade unions and with the district executive committees of the FDGB as well as with other industrial enterprises were amended and stated more precisely for the purpose of more effectively using existing facilities.

Based on the duties of the VdgB-BHG [Union for Mutual Farm Aid-Farm Trade Co-operative] as a socialist mass organization of cooperative farmers and gardeners, and taking cooperative ownership into consideration, a separate arrangement is being enacted by the Minister for Agriculture, Forestry and Food-stuffs, which regulates the application of the principles of the "Ordinance on the Planning and Use of Industry Vacation Facilities" for cooperatives and their cooperative facilities in the area of socialist agriculture.

12271

CSO: 2300/446



'RADICAL' CONCLUSIONS OF ADVISORY COUNCIL REPORTS DEFENDED

Warsaw ZYCIE WARSZAWY in Polish 20 Apr 84 pp 1, 3

[Interview with Professor Czeslaw Bobrowski by Henryk Chadzynski;  
"Equilibrium Above All"; date and place not specified]

[Text] [Question] Documents of the Economic Advisory Council, and in particular the views expressed in the recently published report, indicate that this body has assumed a position more radical than that of governmental circles. Would it be true to say that the suggestion of more radical measures reflect a more pessimistic assessment of the situation?

[Answer] What does it mean, radical? I think that, as a matter of fact, radicalism concerns just one general issue--equilibrium. We think that some measures taken within the government policy have been successful. Above all, they were successful in the most important problem--there is no unemployment in Poland. This is so significant that even the mistakes committed become of minor importance.

[Question] It seems, however, that this real threat in time of crisis has been underestimated.

[Answer] Public opinion in Poland is not sensitive to this issue because it is convinced--judging by what has been done and proclaimed over many years--that the government would prevent unemployment, one way or another.

[Question] What other matters would you regard as advantageous?

[Answer] I have no doubt that an exceptionally important thing was the reversion of the negative trend of growth of industrial production; this has been by no means easy, if only because of the abrupt drop in imported producer goods. It is true, indeed, that the last year's 7-percent growth in marketed production was a spectacular one, but the rather low starting point should be kept in mind; nonetheless, the growth itself is an exceptionally significant issue, and its accomplishment required overcoming resistance and various obstacles.

[Question] Why does the above-mentioned report primarily concentrate on the threats?

[Answer] Because there are some sectors where things are still not going well, and restoring order there remains a precondition for further advancement. I understand that for the government some major social and political reasons seem more important than the bookkeeping effects of specific economic operations. It might be worthwhile, however, to consider their joint effects. Before the war an economist invented the term "onslaught of valid goals." This onslaught of valid goals has become unstoppable. I might point out, for example, some needs in the protected areas: the retired people, parents with young children, numerous families. Other obligations assumed in good faith should be added here, including the principle of growth in the non-productive sector equal to the one achieved in production, or keeping the level of teachers' salaries on a par with wages of the engineering cadres, or the principle of parity in urban and rural income, and the revalorization debentures as a factor in promoting long-term savings habits. Each one of these goals is defended by unimpeachable arguments and has its advocates, but taken jointly they reduce the decision making leeway as far as income is concerned. To sum up, there are simply too many similar goals, more than the modest production output at our disposal allows for, in particular when accompanied by understandable wariness in raising prices.

[Question] And the conclusion?

[Answer] All of it leads to increased inflationary pressures. When the great needs are taken into account and coupled with mild measures to restrict demand, a huge budget deficit cannot be avoided.

[Question] But the sharpest criticism concerns the investment domain...

[Answer] That is right, because the situation in that area is clearly bad. One should, however, keep in mind the reasons for our earlier failures and, at the same time, their not yet fully perceived consequences. The 1970's have left an enormous amount of uncompleted investment projects. Since 1980 some attempts have been made to reduce their number, but as a matter of fact they did not go beyond cosmetic measures. A great number of smaller projects has been halted, but all of them taken together have amounted to an insignificant part of the investment outlays. Very often the protection and conservation measures undertaken are barely distinguishable from continuation of those projects. Recently we have been witnessing a growing number of construction sites, instead of their reduction. This has brought about deconcentration of our [investment] capacities, prolongation of the [investment] cycles, and a growing proportion of outlays has been frozen, that is to say, in bricks and concrete, instead of work places which can be set in motion quickly and start fruitful operation. In other words, our activities might imply that we have some reasons to believe that we might shortly afford to resume all those undertakings. Consequently, this amounts to engaging such a huge potential, up till 1990, that we would be virtually unable to start any new projects, housing construction included.

[Question] Where would you look for reasons?

[Answer] I can answer it briefly: the onslaught of valid goals. And this despite our talking about restructurization, about the need for maneuvering, about protecting productive assets from depreciation, about the unavoidable promotion of modernization.

[Question] Are there any chances for altering our mode of thinking?

[Answer] That is the most difficult thing to do. Only very recently the Planning Commission, with--let me add--our full understanding and support, has started to make decisions of a more radical nature. I have in mind the notice of renunciation of credit contracts on investment projects which cannot be completed before 1986. Such a blockage of funds is more effective than any prohibition. That is just the first stage. Subsequently one has to make a manly decision and finally give up something, in order to gain real freedom of maneuver of any kind. After all, such targets as modifying the structure of production or preventing depreciation rule out any automatic continuation of the current investment program in its entirety. We have, therefore, to proceed as quickly as possible to the next and the most difficult stage. This is one of the prime factors for the restoration of the equilibrium.

[Question] What, in your view, are the other exceptionally important issues concerning this matter?

[Answer] We are convinced that although the equilibrium issue has been listed in all the programs of overcoming the crisis, it still does not play any major role whenever specific decisions are discussed. Such decisions might be right per se, but one has to be critical of them because subsequently many of them have a negative impact on the ways and means to restore the equilibrium. The equilibrium issue, however--and it is here that I raise my voice--must be treated as the benchmark in all the decision-making, even if it has to be done at the expense of satisfying some needs. Such meeting of needs would turn out to be an illusion if it disturbs the equilibrium.

[Question] But how would strengthening the equilibrium compensate for such tough and unpopular measures?

[Answer] The wage increases will certainly be more modest and the price hikes slightly higher, but the accessibility of goods would improve. The shameful phenomena of speculation would disappear, and the all-night lining up for needed goods--equally shameful, though in a different way--would disappear, too.

[Question] This sounds--please, excuse me, Professor--like the by now symbolic reassurances of the abundance of hard rolls...

[Answer] This does not mean that the rolls would become available right away, nor that they would be crunchy immediately. The crux of the matter is that unless equilibrium is achieved--and it is difficult to say how long it will take--there can be no prospect for improvement. But the essential difference consists also in something else. All this talk about crunchy

rolls referred to the supposed effects of raising prices by leaps and bounds. I consider price increases, not very big ones at that, to be an auxiliary measure. Budget cuts, financial and, above all, investment cuts, are more important. The latter should aim at a shortened front of investment projects, abandonment of projects initiated in the past and by now no longer useful, and more elbow room for undertakings liable to bring quick profits. All in all, this is an essential premise for extending the maneuvering room of the decisionmaking authorities, and for enlarging the scope for decisions made at the workplace level. Without such freedom of choice, and without the powers to dispose of means, there is no way to accomplish the most necessary goal--the projected growth of production.

[Question] Do you not think, however, that the time factor plays a major role here? Does not the waiting period become too long?

[Answer] I have never had any illusions concerning any possible quick-fix improvement. I am aware by now that I used to delude myself into believing that everything would turn out in due time. Hence this radicalism: the continuation of the ongoing trends can make [the change] come too late to prevent public disappointment. Even now the various alarming indications that we are living in some kind of absurdity tend to depress the spirits and to intensify this process. That is the most generalized statement. We have no miracle solution at our disposal. There is not a single master key for the "open sesame" of abundance. Hence my conviction that we have to act in a consistent manner, that every phenomenon which indicates an improved situation, and every instance which points out to enhanced equilibrium, would be significant not only from the economic point of view, but also with regard to the public consciousness, absolutely essential in this difficult period of organic work which no one could do for us.

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POLAND

RECENT DEVELOPMENTS REGARDING POLONIA FIRMS DISCUSSED

Impact of New Taxes

Krakow DZIENNIK POLSKI in Polish 13 Jan 84 pp 3,6

[Article by Zbigniew Pelka: "With the Polonia or Without?" under the rubric "Emerging from the Crisis"]

[Text] /Adam Smorawinski, the director and plenipotentiary of Revis, a Polonia firm [i.e. a company established in Poland by Western citizens of Polish origin] operating in Poznan, declared in October of last year that his company would last for a few more months and then go bankrupt. This was said by the manager of one of the best-prospering companies which manufactures jeans that enjoy a tremendous popularity on the market. After all, Revis is a large company that employs more than 150 persons and whose yearly turnover exceeds 300 million zlotys and 1 million West German marks. However, Adam Smorawski's pessimism was due not to some current troubles or difficulties but solely to fatal anticipations of the future./ [printed in boldface]

The ordinance of 29 July 1983 of the minister of finance has signally increased the turnover tax rates for Polonia companies, which of course is creating a new economic situation; moreover, it was announced that, beginning with 1984, one-half of the foreign exchange earned by these companies from export contracts must be sold to the Exchequer of the State--at the official rate of exchange, clearly, that is, at 93 zlotys per U.S. dollar.

The marked increase in the turnover tax--to several dozen from just several percent--is not imposed on the producer, because that increase is added to the price of the product. Indirectly, however, it also is disadvantageous to the producer, since it forces him to raise prices, which reduces the competitiveness of his products on the market and cuts the number of customers and hence reduces demand. As it thus turns out, the producer does not always have to be blamed for inflated prices, because in many cases someone else is responsible for the drain on our wallets.

The directors and plenipotentiaries of Polonia companies with whom I talked late last year in Poznan complained that the poor social atmosphere around their enterprises and the prices they ask ensues from, among other things, precisely the deficient knowledge of customers about the economic principles mandatory with us. After all, barely several months ago the press was full of articles about the gigantic profits of Polonia companies and the rapid amassing of fortunes by their owners and plenipotentiaries, whereas these profits were much smaller and a sizable part of the earnings of Polonia companies ended up and is ending up in the Exchequer of the State.

Previously the turnover tax did not exceed 6 percent, whereas now its scale is much broader--from 15 to 70 percent, depending on the nature of operation and the products manufactured. Some of the regulations are odd. For example, haberdashery, including undershorts, socks and stockings, which are in such great demand, is burdened with a tax of as much as 60 percent.

In Poznan, at a convention of directors and plenipotentiaries of Polonia firms organized by Inter Polcom, complaints also were made about the progressive gradation of the turnover tax. It reaches as much as 85 percent and, in the opinion of everyone, is unique and the highest in Europe. But--in the opinion of the plenipotentiaries--what strikes Polonia enterprises the hardest is the regulation requiring them to sell to the state 50 percent of the foreign exchange earned from exports of merchandise. The effects of this obligation were illustrated by Adam Smorawinski:

"We signed a contract with a customer in the FRG for the sale of a batch of jeans for 207,000 Deutschmarks. To carry out this order, we had to purchase the raw material for 160,000 Deutschmarks in the West. Our profit in foreign exchange--not counting the cash outlays on labor and other costs--was 47,000 Deutschmarks. Yet the Treasury demands that we sell to it at the official rate of exchange one-half of the entire amount of Deutschmarks specified in the contract, that is, 103,000. Thus, in this particular situation we have to lay out an additional 56,000 DM in order to meet the requirements of that regulation. This is changing the situation created by the Parliamentary Decree of 6 July 1982 on the Principles of the Conduct of Economic Activities With Respect to Small Industry by Foreign Legal and Physical Entities on the Territory of the Polish People's Republic."

And indeed, the economic conditions created by that Parliamentary decree had been unusually favorable to Polonia firms, promoting the development of economic initiatives and encouraging many persons to start businesses in this country, which was advantageous both to them and to our economy. It had been thought that these terms would remain stable over a prolonged time frame. The changes introduced recently necessitate revising this view, and the disenchantment and bitterness felt by the owners and plenipotentiaries of Polonia companies appear partly justified.

The tightening of the regulations is, however, strongly substantiated from the standpoint of interests of the state. The hothouse conditions that had been offered to foreign businesses, and primarily the Polonia ones, caused a sudden--though expected, to be sure--increase in the number of foreign

enterprises. In 1977 there had been barely three such enterprises; 12 months later, four; in 1980, 29, and in 1982, already 192. According to the figures provided by the Bureau of the Government Plenipotentiary for Foreign Enterprises and Small Industry, about 380 Polonia-foreign enterprises are actually engaging in economic activities in Poland.

They employ more than 19,500 persons and their aggregate output of goods and services is nearly 19 billion zlotys (for the first 6 months of 1983, that is, more than in the entire year 1982). Eighty percent of their goods and services is sold on the domestic market, and only 3 percent is exported. The remainder consists of the production of producer goods and co-production with enterprises of the socialized economy.

Polonia firms primarily manufacture: clothing, cosmetics, wood products, furriery goods and handbags, knitwear, furniture, toys, and electronic gear, and they also provide automotive and construction-and-repair services. In addition, they have undertaken to manufacture scarce products in extreme domestic demand, e.g. for the needs of hospitals and medicine (syringes, needles, blood transfusion apparatus, components of x-ray equipment), and they also are manufacturing storage batteries, artificial fertilizers and microcomputers.

As of the present, the owners of the enterprises operating in Poland come from 38 countries, chiefly from the FRG, the United States, Great Britain, Austria, Sweden and France. There also are representatives of more exotic countries: India, Kuwait, the United Arab Emirates, Australia, Argentina, Panama and Afghanistan. The Polonia-foreign enterprises registered so far are mostly located in major urban-industrial centers. Nearly 70 percent of all companies is located in Warsaw, Poznan, Lodz, Krakow and Gdansk. In as many as 12 provinces so far no permit has been granted for the conduct of economic activities by foreign citizens.

It is incontestable that the admission of Polonia companies to our market has produced evident advantages. During the worst period of our trade, store shelves were enriched nearly day by day with goods in demand. At a rapid pace, without any special expenditures [by the state], the gaps in the supplies of cosmetics and hygienic goods were filled, foodstuffs appeared--especially a broader range of spices--and the market was enriched with interesting articles of clothing and haberdashery. Polonia firms gave us an example of how to organize an enterprise rapidly, how to approach the employment problem rationally and how to react almost instantaneously to market needs.

At the same time, though, myths and legends often deriving from common rumors grew up around them. Tales were told about sky-high earnings of plenipotentiaries and high wages paid to ordinary employees--multiples, supposedly, of the average wage paid in this country. There also occurred evident instances of defrauding of the state and customers by dishonest entrepreneurs whose sole aim was amassing the largest possible fortune rapidly and effortlessly. But such "economic undertakings" rapidly crashed on their own.

Halfway during last year it was thus thought that the situation already was clear and stable. The institutions issuing permits for the registration of Polonia firms learned to separate grain from chaff and rejected requests from persons concerning whom there existed justified suspicions that they were not treating seriously their activities on the territory of the PRL and were merely bent on profiting from the situation. On the other hand, an overwhelming majority of the already existing Polonia companies was certain that the then mandatory economic indicators were guaranteed for the next 2 or 3 years, which enabled them to plan economic initiatives, invest in appropriate directions and reasonably predict further development prospects.

The increase in the turnover tax and the introduction of a highly progressive income tax as well as the requirement to sell to the state one-half of the foreign exchange earned from foreign contracts changed in just one day these conditions and introduced a great deal of confusion. Many plenipotentiaries and owners of Polonia firms declared that under these new conditions they saw no further prospects for running their businesses. Their apprehensions and doubts may be more justified psychologically than in economic terms. All over the world every entrepreneur protests against taxes and claims that their increase would completely bankrupt his company. Time proves whether these fears are justified: enterprises continue to prosper and earn pretty good profits, on condition that the individuals managing them are real managers and the persons they employ work productively.

In introducing the new turnover tax rates, our Ministry of Finance had a number of sound reasons for this ordinance. The foremost and most important reason is the need to equalize the operating conditions of different sectors of our economy. Previously, Polonia companies were in a much more privileged position in this respect than state-run enterprises. A similar argument can be applied to the progressive income tax.

The plenipotentiaries of Polonia enterprises stress, however, that in other European countries foreign capital is, as a rule, offered better terms than domestic capital. For only economic privileges--of course, on a reasonable scale--can attract foreign capital. This was but no longer is the case precisely in Poland--as Polonia firms claim.

On my part, I think that these fears, though partly justified, are nevertheless magnified. For there is no doubt that even when the economic conditions are equal, Polonia companies will still continue to provide competition to state-run firms in view of the higher productivity--and better organization, of their labor. For it is difficult to expect that during the next few years--despite the operation of the principles of the reform--state-run enterprises would be capable of attaining the level of internal cohesiveness and operativeness which we are even now observing in Polonia-foreign enterprises.

Undoubtedly though, the new financial regulations and the recent tightening of other regulations will hamper the influx of more applications from persons wishing to register foreign enterprises in Poland. At present, besides, 360



such applications are being considered. Many of them unfortunately were withdrawn last fall--just after the revisions of the regulations had been announced. Thus there exists a justified apprehension that such a well-initiated economic experiment that is of advantage to both parties will be suppressed and relegated to a secondary and inessential plane. The decisions taken in the second half of last year are economic in nature.

The approach is different in other countries of people's democracies, e.g. Bulgaria, Hungary and the GDR, where small foreign enterprises are offered much more favorable development terms than in this country. Thus, there is no doubt that future applicants desirous of conducting economic activities on the territory of the socialist countries will prefer to turn to our neighbors.

#### Situation in Gorzow Province

Zielona Gora GAZETA LUBUSKA in Polish 17 Jan 84 p 3

[Article by Andrzej Cudak: "'Polonuses' Drive Up the Market"]

[Text] Such opinions already are being voiced. They are being expressed apprehensively by the directors of various state-run plants who view Polonia (or, as they are sometimes called, Polonia-foreign) enterprises as a menacing competitor who denudes the supply of the labor force. They also are being voiced by "ordinary" citizens, customers unused to--why not admit it?--the horrendous "equilibrium" prices. Other comments are voiced, too, displaying a welcoming and even uncritical attitude toward these companies, which started to do business in Poland not for some philanthropic reason, after all, but because they smelled profits there. From right and left--depending on circumstances--the arguments are magnified. And--it appears--the authorities hold not without difficulty to a middle position between these extremes.

Once I was present at an important meeting during which these fears--applying equally to domestic private enterprise--were markedly stressed. As it happens, in the light of statistics after the year had ended, it can be stated last year new artisan establishments proliferated in Gorzow Province like mushrooms after a rain: on the average three new establishments every day, or almost exactly a thousand over the year. And although during the same period 425 artisan establishments were shut down, the increase to 3,600 from 3,000 establishments of this kind within barely 12 months is substantial. Clearly, the investments were chiefly made in profitable branches. The largest number of new enterprises arose as regards the production of building materials, foodstuffs, lumber and metal products. Although over the year artisans sold 2.5 billion zlotys of goods and services (that is a billion more than anticipated), such branches as repair sewing, tailoring, stove-fitting, repair of household articles and optics, which traditionally receive little recognition, continued to operate at a loss.

However, no flood of foreign enterprises was experienced by Gorzow Province. Last year two foreign enterprises suddenly were established in the region: Ashorse, with seat in Debno, and Europol, with seat in Barlinek. The former employs 150 persons so far and makes coats, sheepskin garments and trousers,

and in addition it engages in processing lumber into minor articles of furniture, crates and pallets. A similar nature of production is followed by the latter firm, which employs nearly 80 persons. It makes garments--coats, windbreakers, blouses--from fabrics and manufactures pallets for export from timber (without using sawmill products).

Altogether, both these enterprises, which belong in small industry, produced 141 million zlotys of goods, which is barely 1.1 percent of the aggregate sales of products in this branch of the province's economy. Their export turnover also has been minimal for the time being, amounting to a little less than 4 million zlotys. It should be borne in mind, however, that these foreign enterprises began to operate as recently as in the second half of last year.

This year the situation of these firms in Gorzow economy will already be somewhat better, although actually they will still remain very far from being a significant competitor. To be sure, yet another foreign enterprise, Stemark, was recently established, in Strzelcy Kraj.: it is to employ 90 persons and manufacture work clothing, protective clothing and sports garments as well as haberdashery, and two more foreigners are awaiting permission to commence operation (one wants to establish a lime and cement reshuffling plant in Rzepin and the other, to manufacture protective and sports clothing in Osna), but they will not accomplish a revolution in the region. It is expected that this year Polonia plants will employ 390 persons and manufacture products with an aggregate value of about 370 million zlotys or 2.8 percent of the output of the entire small industry [in Gorzow Province]. Of course, their operation should also affect the Treasury somewhat more tangibly, because exports by Polonia enterprises will increase to 62 million zlotys this year and one-half of their "hard-currency" earnings must--pursuant to the regulations--be sold to the bank for zlotys at the official rate of exchange.

Although at the Industry and Services Department of the Gorzow Province Office I was told about the advantages accruing from the operation of Polonia firms (if they will indeed import from abroad equipment and materials to be used for production for the domestic market and exports--and the authorities are there to make sure that they will), I have the impression that someone in the region has made a "surprise" decision after a considerable delay. For it is only now that directions of development are being provided to foreign enterprises by proposing to them investing in selected branches such as the manufacture of tourist, protective and sports clothing, lightweight footwear and finishing materials as well as the utilization of secondary materials, chiefly waste paper and glass rubble. This is to be coupled with permits for employment and allocation of premises if available.

Some might say, "better late than never," but the question is: are there still many foreigners interested in starting operations in Gorzow Province?

Perhaps this topic does not deserve so much attention. But..."travel is educational," and every time I visit, say, Szczecin or Poznan, I ask myself how is it possible for the state of supplies at places 100 kilometers distant within the same country to be better--better than in Gorzow Province. This is not just the result of one day's observations. Then I am told that "there"

there is more precisely of "that" just because a factory operates there. And it does not have to be a privately owned factory; it can be a state-owned factory and it is closer to the center of, e.g. Szczecin than to Gorzow. So far of the 33 big-industry enterprises in our province only 20 manufacture finished products and consumer goods account for 2.5 to less than 39 percent of the output of the remainder. As a result of this situation, consumer goods production in Gorzow Province accounts for not more nor less than only 23.6 percent of aggregate production.

Thus I cannot find a logical answer to the question of why Gorzow Province, where the principal source of supplies is the central "distribution roster," has so far been so unattractive to foreign enterprises.

#### Exhibit in Lodz

Warsaw ZYCIE WARSZAWY in Polish 4-5 Feb 84 pp 1,6

[Article by Teresa Brodzka: "Customers Inspect Polonia Products: The Fair at the Lodz 'Central': From Our Special Correspondent Teresa Brodzka"]

[Text] /Lodz, 3 February [1984]/

/(W) "He looks like he just came back from Lodz" is a saying that has already gained currency in Warsaw whenever a parcel-laden person is seen. It is difficult not to notice that Lodz is gradually becoming--if it has not already become--the most resilient commercial center in this country./  
[printed in boldface]

This is happening not because of "better" allocations in the famous distribution rosters of the MHWiU [Ministry of Interior Commerce and Services] or privileges associated with so-called guided sales. Lodz owes its good state of supplies primarily to the resourcefulness of its commercial network, of which a large number of instances can be given. The latest instance is the current exhibition--lasting from 2 till 8 February--being held at the Central Department store with the participation of 23 Polonia firms.

Polonia firms evoke controversy, speaking in general. Speaking less generally, some people believe that they will rescue us, but even more hold the opinion that they should be shut down and their owners expelled. It was precisely to gain an objective perspective in this field that Lodz Central has organized the abovementioned marketing-type exhibition.

For a week products of Polonia enterprises from Lodz and Lodz Province will be sold in special booths. They are all the products of the most varied branches, varying in price and pattern. During the sales an opinion survey will be conducted among buyers (and non-buyers). The customers of Central will thus carry out a kind of inspection of the products supplied to Central by Lodz Polonia firms. The very course the sales will of a certainty demonstrate what is needed and attractive on our market, and what is not. The questionnaires

distributed to customers should provide more detailed information on this topic.

For these questionnaires ask the customers what do they really like, what is too expensive, what would be needed but is ugly, what is of poor quality, and so forth. The questionnaires also contain space for comments on what products of Polonia enterprises one would like to see in stores, as well as for suggestions for starting the manufacture of various new products.

The exhibition, organized by Central, is in our opinion of a significance transcending the local market and the Lodz Chamber of the Interpolcom. For it poses the issue not in terms of emotional disputes concerning the operations of the "Polonuses"---disputes, let us add, which most often are unsupported by genuine knowledge of the topic and rather are based on myths. Central Department Store has approached the issue simply "commercially," that is, whether one buys or not, one can talk. Ultimately it is the customer who is most important---let his tastes, needs and wallet comment on the suitability or unsuitability of discrete products of Polonia enterprises.

The largest to be represented at the exhibition is the clothing branch. Here it should at once be considered that the Lodz market for Polonia clothing (and not only clothing) products is one of the least expensive in the country. This also is to the credit of the Lodz commercial community which, through its activities in behalf of assuring the optimal supplies of goods from state and cooperative enterprises, is introducing the highly important competitive factor. People here are not so easily ripped off, because things cost less--to be sure, if they stand in a queue.

In connection with this exhibition, it is worthwhile to consider briefly the Polonia firms themselves operating in Lodz and on the area of Lodz Province, and especially the question of employment which is now so bruited about. According to figures provided by Lodz authorities, of the 300,000-employment in that area fewer than 3,000 persons, or less than 1 percent, work for Polonia companies. This sheds a somewhat different light on the lament that Polonia companies chronically "steal" employees from state-owned plants. As for the accusation that they take away the best skilled workers, the "Polonuses" reply that they would willingly accept young recent school graduates but the employment offices do not grant them permits for that.

And since we are speaking of permits, it is worth noting that in Lodz it is mandatory to seek employment through the mediation of employment offices, so that it is not possible to operate in that field illegally without the knowledge and consent of the authorities. In a word, before any opinion on the operation of Polonia enterprises is to be voiced, somewhat reliable information must first be procured.

Returning to the marketing exposition at Central: within 2 days after its closing the questionnaires as well as the observations and comments of the commercial personnel itself will be processed. The findings will of a certainty be interesting--to trade, to Polonia companies and to us--customers,

not only from Lodz. We shall try to inform our readers about the findings of that opinion poll.

#### Labor Problems

Warsaw POLITYKA in Polish No 6, 11 Feb 84 p 3

[Unsigned article: "A One-Man Orchestra"; passages enclosed in slantlines printed in boldface in the original source]

[Text] /"We built the company with our own hands; thanks to our labor the capitalist owner derived millions in profits, and when something happened, acting as if he were at home, he fired nearly the entire production workforce." I heard this confession at Kozle from one of the 58 persons subjected to disciplinary dismissal in January of this year by a local Polonia firm./

/The reason for the firings was an illegal strike, according to the company's management. The fired workers claim that "there was no strike at the company, and it was only because of fears that the owner could not pay them their wages that the employees stopped working." To trace the motives of this precedent-setting event in a Polonia enterprise, a closer look at the barely half a year long but sufficiently mysterious history of the firm and its management is indicated./

The plenipotentiary and director of the company has so far been Jerzy Bobrowski. A man in his forties, he had directed in the 1970s the PRODRYN Enterprise in Gliwice. He was decorated with the Gold Cross of Merit and the badge of "Honoree of Katowice Province" and is the recipient of a letter of commendation from Zdzislaw Grudzien.

He had parted with PRODRYN in 1979 when economic problems halted the growth of the enterprise. But starting something from the scratch is his passion in life. He perceived his chance in Polonia firms. In Kozle he established the first such firm, Mellowhide, and managed it for 2 years. The owner of Mellowhide, Wl. Miksa, who, as Bobrowski claims, treated him like a son, gave him a farewell bonus from the firm's assets.

A letter signed by the new director of Mellowhide states: /"This is to certify that the sum of 7,106,621 zlotys...is granted to you as a bonus for opening and managing the company...said bonus is freely placed at your disposal in the form of cash or machinery, facilities or materials."/

J. Bobrowski claims that it was W. Dajka who first had proposed to him Miksa's departure and mutual cooperation. He had written Bobrowski, while the latter still worked for Mellowhide: /"It is up to you whether we can establish some partnership or corporation."/

The bonus of more than 7 million received from Wl. Miksa was used by Bobrowski to invest in machinery, materials and a factory building. He invested everything in the new company.

Nowadays he claims: "I did this in order to expand it rapidly and at the same time avoid paying the gift tax. As for Dajka's contribution to the new company, it was limited to his foreign passport and a deposit of US\$10,000."

The company's owner is a resident of London--Wincenty Dajka, a manufacturer of luggage and haberdashery who, according to his own estimate, is worth US\$1 million. This is how he relates his first commercial--because preceded by social--contacts with Bobrowski:

/"He told me that he was not satisfied with his cooperation with the owner Mr. Miksa who, as he claimed, had cheated him in the contract....J. Bobrowski proposed to us commencing the operations of the new company....I paid a security deposit of US\$10,000 plus 350,000 zlotys....J. Bobrowski stressed that he had had a 60-percent share in Mellowhide on the basis of the contract which he concluded with Mr. Miksa. He said that this provided him with certain assets and that in the beginning I did not have to invest but that he wanted to conclude the same kind of contract with me./

/"My lawyer in London declared that such a contract conflicts with Polish law, because J. Bobrowski would thus avoid paying taxes....In view of this I did not sign the contract."/

Nevertheless, on 4 May 1982 W. Dajka affixed his notarized signature on a power of attorney granting Bobrowski full powers in managing the new company along with the authorization /"to dispose of the income (profit) earned by the company and recorded in my personal bank account--in zlotys and convertible currencies."/ Such rights were not granted to Bobrowski even by the "fatherly" Miksa. Were they supposed to assure his participation in a partnership which at the time, in May 1982, could not formally be established because the decree permitting such arrangements with foreigners was then still being drafted?

At present Dajka claims: "At the time I was not sufficiently familiar with Polish regulations. Bobrowski had fooled me."

Fine, but where was his London lawyer at that time?

In August 1982 the company commenced operations under the name Bea, a shorter version of the name of Dajka's wife, Beatrice. At Bea jackets, underwear and children's clothing were manufactured. Its branch in Kozy made coverlets and sleeping bags, while its Krapkowice branch bottled cooling beverages. In 5 months in 1982 the company gained 6 million in profits. Next year business was even better, so much that in the middle of last year another company, Farmpol, was established as an offshoot of Bea. Its owner and plenipotentiary were, as in Bea, Dajka and Bobrowski.

That was probably their last joint friendly project, however. The company was visited by inspectors from the Chamber of the Treasury who found that it was not operating in consonance with its permit. For example, it purchased 500 bathtowels from a state-owned plant and, after cutting them apart, sold them at a profit in the form of 1,000 small towels. It engaged in "co-production" with a maker of baby carriages, selling them as its own. One of Bobrowski's deputies was arrested for buying dollars and speculating in Austrian woolen yarn. Foreign parcels were distributed, the company was refinanced, prices were raised, etc.--all without a permit.

Bobrowski rejected the accusations of the inspectors. [He claimed that] he procured and processed the towels upon the request of the municipal authorities which were unable to acquire them through normal channels for the new preschool. As for the parcels, he distributed them on Dajka's recommendation. That income was deposited not in Bea's account but in the London account of the company's owner. How much? It is difficult to say now, because the parcel-shipping company with which cooperation was initiated went bankrupt, and as for the ton of woolen yarn, he issued it to his deputy upon the recommendation of the militia, which was investigating the routes through which it was smuggled.

Bobrowski claims: "I invested the firm's profits, wanting to expand it. Dajka may have objections, because he certainly wanted to spend more on his personal needs. As for the other accusations, they are minor incidents in the life of a new company."

Dajka asserts that Bobrowski promised but failed to get him a permit for distributing the parcels. /"I did not want to have anything to do with this, and thereupon he opened a bank account in my name.... The first time he received 1,000 English pounds and the second, 4,000./

"He bought the woolen yarn without my consent and sold it to his deputy for 5,000 zlotys per kilo, and the latter in his turn sold it for 7,000 zlotys per kilo," Dajka continued. "He gave the deputy 3 million zlotys from the company's funds for the purchase of dollars. When the deputy was caught in Krakow by the militia, Bobrowski dispatched to him a lawyer /'demanding the return of the balance, i.e. more than 2 million zlotys, on the grounds that he gave the deputy that money ...to buy a house for me.'"/

In November of last year Dajka was in Kozle. /"That was when I checked the books and it turned out that Bobrowski picked up 11 million zlotys from the bank account. During the same period I...[received] 250,000 zlotys."/

An employee of the Society for Links With the Polonia appeared at the company and Bobrowski accused him of theft. Dajka claims that this occurred after that employee, despite the million zlotys and US\$30,000 offered to him, refused to find for Bobrowski an American with US\$100,000 who would purchase the company. Until such time as facts are established by the procurature, the authorities of the Polonia Society have suspended that employee. It was also in November of last year that the first blows were traded within the enterprise's management.

The second round of the game commenced on 2 December of last year when Dajka telexed his revocation of Bobrowski's plenipotentiary powers and appointed his previous deputy Janusz Klobuk (he asked that his real name be not disclosed) as the new plenipotentiary. Bobrowski did not assent to Dajka's decision. He seized the warehouse keys and the company's rubberstamps and on 5 December he failed to show up for work.

In Bobrowski's absence J. Klobuk ordered that the warehouse lock be broken. The next day Bobrowski defined this as a burglary and fired Klobuk on grounds of a disciplinary dismissal.

On 7 December Bobrowski wrote the province governor: /"I am not convinced that the owner's signature is authentic."/ Until such time as it is notarized, he, Bobrowski, will continue to direct the companies and will not permit his assets to be administered by persons appointed without his consent. In court he submitted a proposal for an agreement with Dajka: /"Unless he accepts the agreement, I shall sue for a division of the firm's assets."/ He informed the Chamber of the Treasury that Dajka refused to conclude the partnership agreement.

The lawyer Zygmunt Wilk stated in his plea: "There was a danger of stoppage owing to lack of raw material, and it was necessary to open the warehouse by a commission."/ The following day, 6 December, Z. Wilk further stated: /"The transfer of the enterprise to the plenipotentiaries proceeded in perfect order--it was the intervention of the procurature... that produced chaos. The plenipotentiary J. Klobuk was summoned to the telephone and told that a telex message does not constitute sufficient proof of the owner's wish...."/

The situation was exploited by Bobrowski. He gave a disciplinary dismissal to J. Klobuk and later Wilk and a couple of other persons of whom Dajka was later to say that /"they helped to bring order into the companies."/

On 7 December the workforce entered the fray. The employees sent Dajka a letter requesting him to come and clarify the situation. He had been to Kozle a couple of days previously, so why did not he then personally carry out the changes? The mostly female workforce consists of several dozen of graduates of tailoring classes in local vocational schools, whose work seniority ranges from a couple of months to 1.5 years, along with 15 or so supervisors, managers and several clerks.

Following the revocation of plenipotentiary powers, the bank blocked Bea's account. It was just barely possible to pay wages from the funds present in the ancillary bank account of the branch in Kozy. In addition, problems with raw materials began. According to Z. Wilk, these problems arose owing to telephone calls /"to suppliers, informing them that Bea Company is insolvent and subject to a shutdown."/

On 12 December Bobrowski asked the chairman of the Polonia Society to mediate between him and Dajka, of whom he had been fruitlessly demanding a partnership agreement ever since the adoption of the decree by the Parliament. He



described to the chairman the November visit of his employee to Kozle. He promised: /"If the mediation succeeds, I'll withdraw my suit."/

Dajka, who at the Polonia Society was given a copy of Bobrowski's letter to the chairman, inscribed on it the comment: /"I'd rather be partners with the devil than with the snake, because the devil would only tempt me, whereas the snake would poison me with its venom."/

The Province Court in Opole commenced its proceedings. On 9 December J. Klobuk, by then discharged from the firm for 3 days, was sent a notice and summons to bring Bea into order, with a warning that otherwise its operating permit would be withdrawn. That was a tardy echo of the inspection by the Chamber of the Treasury. Four days later Klobuk received at his private Wroclaw address a letter from Director A. Kruczek of the Department of Industry and Services, asking a notarized certification of plenipotentiary powers, along with a notice from Dajka stating that the plenipotentiary /"should be a Polish citizen resident in Opole Province."/ There is no such provision in the decree, and there had previously been no obstacles to the fact that Bobrowski was a permanent resident of Katowice Province.

On 14 December Bobrowski sent another letter warning the province governor about the further evolution of the situation at Bea owing to the blocking of its bank account. The firm was being threatened by insolvency.

Summoned by the authorities of the Polonia Society, Dajka flew to Warsaw. On 19 December he certified with his notarized signature the new plenipotentiary powers and accepted the dismissal of Bobrowski as earlier prepared by Klobuk.

On 22 December Klobuk's team, previously fired by Bobrowski and absent for 2 weeks, reappears at the company. The following day the workforce started a work stoppage.

Bogdan Krzyczostaniak, a mechanic regarded by the new management team as the organizer of the protest, recounted: "The new directors entered the factory room, waved their little papers in front of our eyes, shouted and insulted people. The legal adviser told us what kind of person was Bobrowski and enumerated the sums stolen from Dajka. The women shouted him down, saying that this was not our affair, that we know him from his good side and if they have pretensions toward him, let them go to the court. They tried to scare us by saying that unless we listen to Klobuk we will receive disciplinary dismissals."

On 23 December the new plenipotentiary received a letter from the workforce stating that /"The workforce has arrived at the conclusion that its vital interests ensuing from its labor relationship are threatened..../"

/"1. On the days of 10 and 15 December 1983 funds for paying wages to employees of Bea and ~~Harmpol~~ were borrowed./

/"2. The raw materials in the warehouse will suffice for continuing production not more than 10 days."/

The employees demanded to be briefed about the company's financial situation. They wanted to know the size of the funds in bank accounts, the amount of indebtedness and the anticipated income and they desired proof that there will be raw materials to continue production.

Klobuk notified the Kozle militia about the strike, and the militia in its turn notified the Opole WUSW [Province Office of Internal Affairs], which in its turn notified the province governor who then authorized the mayor of Kedzierzyn-Kozle to mediate the dispute. Surprised by the atypical situation, the authorities acted rapidly above all. Director Kruczek informed the Province Committee about the event and, upon authorization by the province governor, dispatched the following wire to London:

/"Please be advised that the workforce of the foreign enterprise Bea of which you, Citizen, are the owner, is on a strike owing to the appointment of Janusz Klobuk as plenipotentiary of the firm. The workforce demands the reinstatement of Citizen Jerzy Bobrowski as the plenipotentiary. In advising you of the above, I request you to arrive in Poland."/

I have not seen a postulate for reinstating Bobrowski in any of the letters presented by the workforce to Klobuk or conveyed by its representatives to the province governor; at most, the competence of the new plenipotentiary was questioned.

Andrzej Radwanski, the mayor of the city, reminisced about his role as the mediator: "I found myself in an extremely difficult situation. I, a representative of socialist authorities, had to defend the interests of a capitalist company owner who, even if a Pole himself, may have been just then sitting in a London club and sipping whiskey. First, I talked with Klobuk, because I had been informed that already the day before he wanted to fire people. Then I went to the factory room. The sight that greeted me was familiar from the times when I used to be a director. A classical strike. Girls were seated or lying on tables, with some playing cards. I asked whether they realized what they were doing and the consequences. They answered yes and pointed to their demands. I explained to them that there is no difference between a strike and a 'work intermission.' I said: 'What you are taking part in is an illegal strike. The new trade-union decree has clearly defined the procedure and you did not follow it. By not working you're adding to the firm's troubles.' It was useless."

The mayor was only able to reach an agreement with Klobuk for granting a circumstantial paid leave to the employees so as to allow time for emotions to cool. However, on 27 December, after the holidays, the employees had to report for work anyway, because the management had initially refused to grant the leaves in writing. It was then that Klobuk provided the employees with a signed reply to their demands. That reply, couched in rather imprecise language and without being countersigned by the accountant as demanded by the employees, contained statements that the employees viewed as clearly divergent from the actual situation, and it further stirred up the employees.

On 2 January of this year, after the leave period ended, the workforce did not resume work and continued to demand further and clearer explanations.

In the opinion of the discharged employees, this is how the year had begun at the firm:

/"...Following a declaration by the factory room's female foreman that Klobuk had no one to talk with, because the employees are nothing to him, he entered the factory room where he held a provocative conversation with the employees, insulting them with epithets commonly considered pejorative, such as: 'crazy girls,' 'simpletons,'..../"

/"On the mayor's advice, we made concessions, proposing that the employees would start work immediately provided that the plenipotentiary would provide within 2 days an authoritative assurance that the firm would pay the employees their wages."/

/"The next day 54 employees received notices of disciplinary dismissal. As we were informed, the plenipotentiary, anticipating an inevitable collapse of the firm, had provoked the incident with the object of disciplinary dismissal of nearly the entire workforce so as to protect the owner's personal interests, thus avoiding the obligation of disbursing severance pay owing to the firm's collapse."/

In Dajka's opinion, it was Bobrowski who had "organized the strike at Bea Company, misleading the employees as to the firm's financial status and deliberately trying to have it shut down. He had also brought in the press and television, slandering me and my employees."/

In this turn, Z. Wilk wrote: /"In such situation, plenipotentiary Klobuk and I as the legal adviser faced the following alternative: either a disciplinary dismissal of all strikers or letting the enterprise go bankrupt....Individual talks were held with each employee....they have absolutely no idea of the issues in this dispute yet, guiding themselves by a false feeling of solidarity, they refuse to start work."/

The discharged employees were informed that the reason for terminating their employment was /"a severe violation of employee duties owing to refusal to become subordinated to the newly appointed plenipotentiary."/ A couple of persons were in addition accused of /"organizing work stoppages for other employees."/ To replace the discharged employees, new people began immediately to be hired.

The finale of the contest between Dajka and Bobrowski has not yet arrived, particularly in the latter's view. Both are assiduously gathering documentary proofs of the contribution of each to the partnership, and this also is the explanation provided by the Province Office.

Dajka is solidly supported by the new management team. Mutual accusations of various sins and peccadilloes, such as double-entry bookkeeping, bribing of strike organizers, drinking bouts, the building of a house with the company's

funds, moonlighting at half-pay as a supplier at a competitor firm to the disadvantage of Bea, the showing of pornographic films, and even the possession of a car with an anti-radar system, are being traded. Several suits for defamation have already been instituted.

Bobrowski is taking steps to establish a private garment company employing 70 persons, without waiting for the assessment of his participation in a partnership established contrary to the regulations then in force.

He showed me a xerox copy of a letter from Dajka whose very first sentence states: /"This is to certify that no later than by October 1983 I will sign with Jerzy Bobrowski a partnership agreement for operating the Bea and Farmopol companies."/ Farther on in that letter Dajka acknowledges the investment made in the firm by Bobrowski.

Bobrowski said: "I hid well the original of this letter: it will be my ultimate argument in court."

Dajka commented: "I'll not agree to any compromise with Bobrowski. He can't prove anything. He wanted too much all at once. Bobrowski wanted to be a one-man orchestra but he misjudged me--I've been a businessman for 40 years. Even if he has some documents against me, he must have acquired them by exploiting my blank signatures. Besides, would a reasonable man give away millions in the absence of a notary public or at least a witness?"

Not one of the discharged employees has registered at the labor office. All have petitioned the labor appeals commission for reinstatement in their jobs and financial compensation. On 18 January a couple of persons met with Dajka and described to him the situation at Bea from the standpoint of the discharged employees.

Maria Kurzeja said: "He listened to us and, after a couple of hours of discussion, declared that he would void the dismissals. We agreed that the discharged employees would meet with him 2 days later."

Dajka confirms: "I even told them to hurry up and that oranges would be distributed to them. I had ordered four crates of oranges and wanted to accept for employment them all and change them so that they would be loyal to me."

But the meeting will take place only in front of the labor appeals commission, because on the eve of the planned meeting with Dajka the employees learned what kind of declaration the new managers were drafting for them to sign. The oranges did not help Dajka.

B. Krzyzostaniak recalls: "When we wanted to establish a labor union at the company, we were told that we couldn't do that, because Dajka did not register the company in court. That was a trumped-up obstacle. But anyway so long as things went well, no one insisted on the union, but when the conflict arose we lacked legal representation."

Klobuk and his team drafted the following declaration: /"This is to certify that I refused to work because I was misled about the future development prospects of the enterprise. I request to be accepted for work at Bea Enterprise and at the same time I pledge myself to adhere to work discipline."/

The dismissed employees resent it that they were given leaves instead of, as would be the most straightforward thing to do, answers to their postulates. They had made no political or economic demands and were not interested in the dispute between Dajka and Bobrowski, although this is being imputed to them at present. They were not deaf to comments viewing Polonia firms as a temporary and embarrassing element of the socialist economy, and in addition there were the difficulties with their company.

They say: "But our interest in our own occupational prospects is natural-- don't we have this right because we work for a capitalist enterprise owner? Is our only right the right to work? We enlightened employees were turned into idlers and work-absentees and fired...."

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ADDITIONAL INFORMATION FURNISHED ON POLONIA FIRMS

Complaints of 'Kedan' Enterprise

Warsaw PRZEGLAD TECHNICZNY in Polish No 7, 12 Feb 84 pp 30-31

[Article by Jerzy Dzieciolowski: "Just To Survive"; passages enclosed in slantlines printed in boldface in the original source]

[Text] /Half-way during last year the financial conditions for the operation of Polonia firms [companies established in Poland by Western citizens of Polish origin] were altered. The revisions in the decree of 6 July 1982 impose on Polonia-foreign firms the obligation of selling one-half of all their income from exports to the state at the official rate of exchange. What is the opinion held by the concerned parties on this move, and what may be its consequences? Below are the opinions I recorded at the Polonia-foreign Kedan enterprise./

Kedan has been in existence since June 1980. It manufactures blouses and skirts as well as, in another production department, furriery goods. It imports from Italy the fabrics for blouses and shirts. For its sheepskin garments it imports hides from Italy, Australia and France, while for its furriery goods it purchases pelts in Poland. In a word, Kedan bases its production on imported raw materials. The machinery needed by that firm also was imported. It sells its haberdashery goods in this country while exporting all of its furriery goods, that is, goods of the luxury type. Kedan maintains two plants: in Wesola, where it employs 70 persons, and in Warsaw, where the firm acquired from the PPRK [State Enterprise for Transportation Projects] premises which it intends to expand and use as the site for most of its production. Kedan's offices are on Slaska Street, in downtown Warsaw. It can thus be said that it engages in the kind of activities that is essential: manufacture of goods in demand, importing of scarce raw materials and machinery, and investing in fixed capital. Let us moreover add that Kedan has a permit to employ 200 persons but so far its workforce has amounted to 130 and thus it is no strain on the labor market [manpower supply]. In addition, the firm's yearly turnover so far reaches 300 million zlotys.

According to the employees of Kedan, "The revisions of the decree of 6 July 1982, barely a year after it had been promulgated, engender doubt in the stability of the policy toward Polonia firms in general. This is the first effect of these revisions, and it is as important as their practical consequences (such as curtailment of the possibilities for purchasing raw materials for hard currencies). Previously Polonia firms had been assured of the permanence of the basic principles of that policy, yet within a short period of time these principles were breached in utter disregard of these assurances."

The practical consequences will be as follows: the firms with a solid standing will not close but their operations will be adjusted to simply surviving while waiting for more favorable future conditions; they will tend to supplant imported raw materials with domestic ones; their investments will diminish to a minimum; they will tend to use their workforce, which is paid lower wages than are paid in other countries, to render more services and manufacture fewer finished products. The halting of production in order to satisfy the principle of equality in poverty which owing to a misconception is termed social justice will be reflected in the enterprise's financial status: it will have just enough funds to meet its current obligations, but this will also be reflected in market supplies and hence also in Treasury revenues--chiefly in hard-currency revenues which are particularly important to the state.

To put it briefly, firms that already have a standing on the market and good contacts such as Kedan have a chance to survive but no great chances for growth. The weaker firms, those which are only beginning to operate, will collapse. New firms will not be established. Even now Kedan's files contain 10 offers to buy firms which just began operating and see no prospects for continued operation under the new conditions. The circumstances under which most Polonia-foreign firms were established should be borne in mind: they were established on the basis of personal partnership agreements between individuals, with a [Western] uncle or aunt contributing US\$10,000 or US\$15,000 which often constitutes his or her entire life's savings. Here in this country a person would provide a guarantee that he would use that capital in a manner that would yield higher interest than bank interest, while the relatives abroad would facilitate supply contacts and eventually the marketing of the products. Neither big capital nor significant producers came into play here. On the other hand, such activities could broaden somewhat the output of small industry, which after all is in such great demand. Yet these small companies mediating between, on the one hand, a market in which the demand outweighs the supply as well as--despite all statistics--a labor market with considerable excess manpower, and on the other, possibilities for meeting the market demand and providing some capital, were treated by the ministry of finances like potentates to whom it is no great difference to add more zeros to the outlays spent and taxes paid.

Consider the particular case of Kedan, a company which, we repeat, had the time to consolidate itself under the conditions specified in the decree of July 1982, and a situation in which socialized plants have been undertaking any project that would be paid for in foreign exchange.

Prior to 1 August 1983, that is before the 1983 [i.e., 1982] decree was revised, it had cost Kedan 400 zlotys to gain one U.S. dollar; after 1 August, as much as 1,000 zlotys. Of course, the company is not spending that much (otherwise, it would be operating at a loss); instead, it buys lower-grade, cheaper raw materials and, on processing them into products, earns an income in excess of its production cost. Similarly, it offsets its eventual losses on exports with the zlotys it earns from the products it sells on the domestic market. (Hence also the importance of proper proportions between zloty income and foreign-exchange income in the operations of Polonia firms.) But, first, these profits, while they may seem substantial (on the scale of 12 percent in 1983) according to the accounting system followed by the internal revenue office, are in reality not always so. Under this system, allowance is made only for documented expenditures. And yet, in this country it is practically impossible to operate an enterprise without making expenditures of the undocumented kind. A machine can be repaired in one day upon making a [cash, "under the counter"] payment, the alternative being a wait of several weeks. Or the heating system may break down and either a payment is made so that the radiators may work again or production has to be halted. This practice is reprehensible and one may not approve it, but an enterprise for which cost accounting is the criterion of the validity of its decisions has no choice: either it adapts itself to the conditions under which it has to operate or it deliberately condemns itself to bankruptcy. Secondly, an enterprise that buys, for example, blouse fabric for which it pays US\$2 per blouse made from it, jots down in the "income" part of its ledger the sum of 190 zlotys (2 x 95 zlotys at the official exchange rate for the dollar, but the actual cost of its foreign-exchange spending is 1,500 to 2,000 zlotys. That is, seen from this standpoint, that 12-percent profit is not real money. Furthermore, Kedan Company sold said blouse for 2,000 zlotys net. It spent 190 zlotys (2 x 95 zlotys) on the raw material and 400 zlotys on manufacturing the blouse. Hence, it earned 1,400 zlotys which is subject to taxation at the rate of 85 percent and thus, as the manufacturer, the company gets a beating from both sides. As a result, many Polonia firms have suddenly started to explore ways of specializing in providing services rather than goods, that is, providing pure labor (last year also Kedan manufactured [on consignment] its first batch of haberdashery from fabrics sent in from West Berlin [by its customer]). This is because the tax on exported products is 50 percent, compared with the tax of 85 percent on a blouse manufactured from an imported fabric for the domestic market. /We are not rich in raw materials serving to produce consumer goods and hence we should be interested in their import, processing into finished goods and the domestic sale of these goods./ [printed in boldface] Yet the new financial regulations under which Polonia-foreign firms operate simply encourage the exports of goods made from Polish raw materials at a nominal cost in foreign exchange. A company which buys apples from a farmer, packages them properly and exports them, will earn foreign exchange at a minimum cost. It is to be expected that foreign companies [operating in Poland], which after all no one can compel to operate to their own disadvantage, will either shut down or explore solutions "as above."

At Kedan I was told: "The Ministry of Finance has brutally brought us down to earth. Social considerations will be in abeyance. Who among actual producers can afford to pay such a harsh levy except those who will sell raw materials



under the guise of finished products?" The question arises: what is the reason for the conviction that, despite all the initiative-paralyzing conditions, Kedan Company will survive, at least until more favorable conditions for operation will reappear? Undoubtedly the decisive factors will be: access to low-cost sources of raw materials, a high labor productivity of Kedan's skilled workers, astuteness in making investments, and the organizational efficiency of the persons managing the enterprise. In Wesola and on Rudnicki Street in Warsaw the employees clearly perceive a relationship between labor and wages. The better and more productive the labor, the better-paid it is. A good furrier earns 40,000 to 50,000 zlotys a month but lacks the time for a cigarette break. Why is it, I was asked, that that good furrier should be penalized for his productive labor and skills by a progressively rising equalization tax? After all, [nationwide propaganda] appeals are continually being made for harder and better work. I do not think that Kedan has some subtle financial secrets of its own which it guards equally well against the revenue service and the public eye. Business is a contest in which there is not much room for socially enlightened attitudes. But where has it ever been said that the growth of an enterprise must imply an activity harming the state? In the example described above there is much that implies that this is how the activities of foreign firms have begun to be interpreted, regardless of whether they are or are not consonant with the operating principles fixed for them in July 1982.

#### Exhibit in Warsaw

Warsaw ZYCIE WARSZAWY in Polish 17 Feb 84 p 2

[Article by (tb): "Craftsmen and Polonia Firms at the Fair in the Palace of Culture and Science"]

[Text] (P) /(Own information)/[printed in boldface] Until quite recently it was still hard to believe that the Palace of Culture and Science would be too small for anything. This was disproved by the exhibition of Warsaw crafts and Polonia firms from the area of the Nation's Capital and adjacent provinces, which ended on 16 [Feb 84].

The initiative for this exhibition came from Warsaw's Townhall; this concerned displaying the potential of Warsaw's entire small industry.

The exhibition was intended not only to display the products being made but also and above all serve as a trade fair as well as a sales fair for the public. It was besides a classical kind of fair, because it was not conceived as being confined to some particular branch. Buttons to electronic gear--such was the range of the goods displayed for sale.

The craftsmen conceived the ingenious idea (emulated, besides, by certain owners of Polonia enterprises) of tagging their products with labels specifying: retail price, production cost, profit margin, and turnover tax. The latter amounted to 50 percent of the price for the aforementioned button, for example. The public was often shocked, while the representatives of the trade authorities reacted with sour faces to these labels.

The Warsaw Chamber of the Inter-Polcom [association of Polonia firms] gladly availed itself of the invitation to participate in this fair, because it wanted to demonstrate that Polonia enterprises do not confine themselves--contrary to the appearances--to producing cosmetics, trousers and socks. Besides the supply of that kind of merchandise already is beginning to exceed the demand, so that these firms will have either to alter their production or to lower prices. What a frightfully banal issue, yet this is exactly how the mechanism of competition operates.

Yet electronic gear accounted for a considerable part of the exhibits by Polonia firms. Among other things, Impol Company manufactures minicomputers (costing half as much as the computers made by our MERA Plant), while Computex Company is negotiating with the POLFA Plant for reselling to it a franchise for manufacturing artificial-kidney filters.

The products offered for sale to the trade rather than to the public were valued at about 2 billion zlotys. During the exhibition contracts totaling 550 million zlotys were signed and in addition separate transactions totaling 1.2 billion zlotys were negotiated by the Inter-Fragrance and Prodex companies. Thus the harvest was not bad, although the insufficiently explicit nature of the exhibition resulted in that it was attended chiefly by agents and representatives of small [state] trading organizations.

During the 4 days that the exhibition was open to the public, nearly 3.5 million zlotys was clocked in sales.

But that was only a beginning. The authorities of the nation's capital want to make this fair a permanent part of the trade calendar. That is to their credit, but it would be still more to their credit if they would provide it with better conditions.

#### Controversy Continues

Warsaw DZIENNIK LUDOWY in Polish 29 Feb 84 pp 1,4

[Article by Jan Lepela: "Polonia Firms: Should They Be Supported or Shut Down?" under the rubric "In Warsaw"; passages enclosed in slantlines printed in boldface in the original source]

[Text] The activities of Polonia-foreign firms, as they are officially termed, or Polonia firms as they are colloquially called, cause so-called mixed feelings. It appears, however, that negative feelings prevail: [it is being felt that] their owners enrich themselves rapidly and at low cost, charging high prices for goods of poor quality and, exploiting the crisis situation on the Polish market, draw skilled workers away from socialized industry, and so forth.

Owners of capital, most often those [Western citizens] of Polish origin, were years ago afforded the possibility of investing their capital and starting production and service-providing operations in Poland. We were poor,

particularly in foreign exchange, and Polonia firms offered consumer goods and services that were and still are in short supply.

The motives of what is after all foreign capital were simple: it is possible to make good profits in Poland with relatively small investments. No one invested out of philanthropy, out of love for one's former fatherland. The bottom line was the decisive factor.

The domains for action were many--as many as the kinds of our shortages. Thus, Polonia firms began to proliferate like mushrooms after a rain and we soon became aware of their presence, especially on our impoverished foodstuff, clothing and cosmetics markets. By now we have become accustomed to that presence and no longer grab any product of a Polonia firm as if it were an imported article, but we willingly avail ourselves of these goods and services. Polonia firms are thriving and growing, as may be illustrated by, for example, their lively advertising campaigns.

It is the prices that cause the greatest controversies. They are contract prices and thus high. The "Polonuses" had appeared at a time when anything could be sold at any price. That was besides certainly the principal reason why they appeared at all. People willing to do business still are not lacking. There is also no lack of high prices in our domestic crafts industry or socialized industry. That is fine so long as this concerns fads or luxuries which can be afforded only by customers of agencies selling on consignment or Pewex stores [which sell only to customers paying in hard currencies]. But that is not so fine when staple customer goods and basic services are concerned.

/And here we arrive at the fundamental question: how is the issue of concern to us? Is it a question of remedying the market scarcities at any price and eliminating the inflationary overhang?/

/An affirmative answer would for obvious reasons be unacceptable. The entire issue should be primarily viewed in economic terms, but on also bearing in mind its social aspects./

Polonia firms want to make a profit--as much as possible, and at as little cost as possible. To accomplish this, they must provide goods and services. Let us add that this concerns goods and services that are scarce. This is the positive side of their activities. The Treasury then also receives foreign exchange as part of the export profits of these companies, plus the foreign exchange represented by the capital invested in Poland (minimum US\$100,000). In addition, the Treasury gains tax revenues--which are substantial, considering that most of these companies pay a 80-percent levy.

/Further, Polonia firms should not be judged as makers solely of glad rags, eaux de cologne and food concentrates. They also manufacture, among other things, prosthetic devices for the disabled and components of artificial kidneys (they intend besides to manufacture complete artificial kidneys). Services, e.g. repair and construction services, are an important field of their activities./

/We are thus gaining high technology, capital and fixed assets which will after all remain in this country. Other nontrivial assets are discipline and organization of labor as well as intensiveness of labor, which can be used as a model to be emulated by other economic organizations./

It appears that the interests of Polonia firms can be reconciled with the so-called general social interests. Ultimately, these firms are economic organizations, just as artisan establishments or industrial plants are economic organizations. By applying appropriate economic instruments and administrative decisions, Polonia firms can be made to operate without artificially inflating prices, "grabbing up" scarce raw materials and exploiting ruthlessly our crisis situation.

This is the approach followed toward Polonia firms by the authorities of our province, as journalists were informed at a press conference in the Townhall of the nation's capital.

/In Capital City [Warsaw] Province there now operate 196 Polonia firms employing altogether 6,000 persons (out of the total of 750,000 employed in our province). Thus, more than one-third of all Polonia firms in this country operate in our province--the total number of these firms in Poland is 525 and their combined employment is 12,000. This at once demolishes the myth of the mass efflux of employees from socialized industry, particularly considering that it is the labor office that assigns them for work in Polonia firms./

Last year the value of the output of Polonia firms exceeded 13 billion zlotys, while the value of output of the entire small industry was 104 billion. Recently a comprehensive audit of the activities of Polonia firms was carried out. In several cases irregularities were detected, particularly in the form of excessive profits and conduct of operations not consonant with the permits issued. In 14 cases the irregularities warranted revocation of operating permits, chiefly for companies in the garment branch.

But let us admit it: audits performed in other economic organizations also produce similar findings. These firms were not immediately shut down, but they were placed under suitable restrictions and ordered to meet certain requirements for being allowed to continue operation.

Polonia firms in Capital City Province thus have a future, because they are useful. Their development will be controlled and as for their prices, they already are being partially held in check by demand and the growing competition. This offers besides a field of action to the Price Office and to the trade personnel, which may negotiate prices.

/Of a certainty, new firms will be established, but in branches in which shortages of goods or services exist. No [new] permits will be granted for the manufacture of garments, handbags and furriery goods, because the market is saturated. On the other hand, the plans provide for licensing firms that would produce franchised drugs, utilize secondary raw materials and urban waste, and manufacture surgical thread, artificial veins or herbal medicines./

But it would be a slight exaggeration to say that a "green light" is on for Polonia firms. If, however, they produce goods that we need, provide services and add to our stocks of foreign exchange--no one will prevent them from doing so. What if they pay their employees quite well, for working industriously? What if their owners earn a lot? They have the capital, the resourcefulness and the opportunity. Who would fail to exploit this opportunity. And surely most often we are envious precisely because we stand on the other side of the counter....

#### Meeting in Krakow

Krakow ECHO KRAKOWA in Polish 12 Mar 84 p 3

[Article by (ag): "Polonia Firms: Have They Survived the Blow?"]

[Text] Last Friday was held a session of the Social Council of the Inter-Polcom, an association of Polonia firms. The meeting was chaired by the Council's Chairman, Prof Dr Jan Janowski. The Krakow branch of the Inter-Polcom, active in the southeastern macroregion, currently associates nearly 70 Polonia firms, of which 32 operate in Krakow.

Following the presentation of reports on last year's activities, various problems were discussed, but the basic problem remained unchanged since last summer, since the moment when the taxes paid by these firms were significantly increased. The anxiety and expectant mood of enterprise managers were evident, and hence Lech Swiatkowski, the representative of the central office of Inter-Polcom, tried to imbue the council members with optimism. It is said that the government plenipotentiary for small industry expects to revise or rationalize certain provisions of the tax decree that are particularly burdensome to Polonia firms. The recent attitude of the authorities has been that the economic Polonia movement would continue to grow. So far only representatives of small business have established themselves in Poland (the turnover of several companies exceeds [though] 10-12 billion zlotys), but medium and big businessmen may also come to this country.

The discussion included proposals for establishing an information office that would meet the needs of the "Polonuses" visiting our country. They rarely come exclusively for tourist purposes; usually they want to buy something more than souvenirs. Providing them with information on where and what can be purchased would be useful to both parties.

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FOOD PRODUCTS, EXPORT, PRODUCTION PROJECTED TO 1985

Belgrade GLASNIK POLJOPRIVREDNE PROIZVODNJE, PRERADE I PLASMANA in Serbo-Croatian No 3, Mar 84 pp 14-16

[Article by Dr Milorad Stojnic]

[Excerpt] The food supply is especially important to the developing countries, since their future prosperity depends on feeding the population, and the question of food production is at the same time a struggle for the new economic order which Yugoslavia has been advocating for years now, and it ought to ensure the developing countries more rapid economic development, and at the same time more rapid development of the agricultural and food processing industries as well. To that end Yugoslavia is offering the developing countries specialized, technical and material aid in development of the agro-industrial complex.

With respect to land potential, mechanization and chemicalization, full attention has been paid in Yugoslavia in recent years to development of the agroindustrial complex in order to ensure sufficient farm products to feed the population and for exports to foreign markets. A detailed plan for food production up to the year 1985 has been drafted. Particular attention has been paid in the program for development of the agroindustrial complex to the development of primary production in order to supply the industry for processing grains, meat, fruit and vegetables as well as the confectionery industry. In recent years very large capacities have been built in Yugoslavia for processing the various farm products so that there would be an improvement in the supply of the domestic market and exports of certain food products from agriculture. For example, it is projected that total grain production will reach about 20 million tons in 1985--11 million tons of corn, 6 million tons of wheat and about 3.5 million tons of other grains. With a view to the best possible supply of the domestic market the plan calls for total production of sugar beets to reach 7.65 million tons in 1985, or 21 percent more than production in 1981.

The industry for processing oilseed was developed as oil consumption increases, so that at this moment we have quite a bit of unused capacity which we will put to very good use with increased output in order to increase the production of sunflower oil as well as oil from soybeans and oil from rapeseed. There are plans for total production of sunflower oil in 1985 to reach 700,000 tons and oil from rapeseed 55,000 tons.

Even though little attention was paid in the past to the development of fruit-growing, that is, to the establishment of new plantations and maintenance of existing ones, the planners have called for fresh fruit production in 1985 to reach 22 million tons, or 46 percent more than the production achieved in 1981. Plums and apples will still be included in the structure of fruit production, so that there is a need to make large investments to establish new plantations. Since in recent years there has been increased demand on all import markets for dairies, Yugoslavia is in a position of marketing considerably larger quantities of strawberries, raspberries, blackberries, blueberries and currants. In the production of grapes, especially table grapes, there are very realistic opportunities for achieving the production plan in 1985, assuming that the old vineyards are rebuilt in which the stocks have been thinned out.

There are also very favorable climatic and economic conditions in Yugoslavia for the development of vegetables. In certain regions of Yugoslavia (Croatia, Slovenia and Macedonia) it is possible to even pick two harvests a year. The plans call for total vegetable production in 1985 to reach 5.9 million tons, or 22.9 percent more than actual production in 1981. By contrast with other branches, production in the socialized sector is considerably greater, while in the case of market gardening the situation is the other way about, since over 90 percent of the area is in the private sector. In coming years, then, contracts should be concluded with the private sector for the production of vegetables, since the production potential is unlimited. Tobacco production brings our country a large income, which is why great attention is paid to the production of this product. Although the potential is considerably greater, the planners have called for total tobacco production in 1985 to reach 75,000 tons, or 7 percent more than in 1981, when actual output was 70,000 tons.

Taking it for granted that a growth of livestock production in Yugoslavia requires production of sufficient feed, and that both green feed and also concentrate, plans call for total production of green matter (clover, alfalfa and silage corn) to reach 5.8 million tons in 1985, or 20.8 percent more than 1981 production. As for how realistic the animal feed production plan is for 1984, it can be said that we are able to produce much larger quantities of all types of green matter, especially silage corn, which is planted as a stubble crop and which affords very high yields.

Table 1. Projections of the Growth of Production of the Most Important Products of Field Cropping, Fruitgrowing and Grapegrowing, in Thousands of Tons

Type of Product	1980	1981	1985 (Projection)	Index Number 1981=100/85	Growth Rate (1981/1985)
Wheat	3,091	4,270	6,000	194	0.7
Corn	9,317	9,802	11,000	112	3.0
Barley	826	720	800	111	0.7
Oats	294	311	400	129	0.7
Sugar beets	5,213	6,324	7,650	121	3.9

Table 1 (continued)

Type of Product	1980	1981	1985 (Projection)	Index Number 1981=100/85	Growth Rate (1981/1985)
Sunflowers	302	327	700	214	4.6
Soybeans	34	92	85	92	2.5
Seed rape	68	65	55	85	4.1
Tobacco	59	70	75	107	1.5
Potatoes	2,394	2,746	3,100	113	1.3
Dried beans	134	130	225	173	2.4
Fresh vegetables	1,892	1,964	2,600	132	3.4
Alfalfa	2,083	2,004	2,700	135	2.8
Clover	1,265	1,274	1,500	118	1.4
Silage corn	1,460	1,515	1,600	106	5.1
Apples	483	508	600	118	3.2
Plums	666	816	950	116	1.1
Other fruit	356	391	650	166	5.4
Berries	66	65	70	108	5.4
Grapes	1,440	1,313	1,700	129	4.7

Table 2. Projection of the Production of Meat and Livestock Products in 1985, in Thousands of Tons

Type of Product	1980	1981	1985 (Projection)	Index Number 1981=100/85	Growth Rate (1981/1985)
Beef	344	341	450	132	3.7
Pork	461	486	522	108	3.1
Mutton	59	58	70	121	3.0
Poultry meat	277	286	300	105	4.6
Other types of meat	85	82	100	122	4.4
Total	1,226	1,253	1,475	115	3.6
Lard	287	205	71	--	--
Cows' milk, millions of liters	4,211	4,349	5,200	120	4.4
Sheep's milk, mil- lions of liters	141	120	150	124	1.3
Eggs, millions	4,394	4,427	5,200	117	4.4
Wool	10.7	10.1	14	140	4.9

In view of the importance of meat and other livestock products to feeding the population, those who worked out the projection envisaged that total meat production should reach 1.4 million tons, or 15 percent more than production in 1981. Since the largest shortage is for beef, the production of beef in 1985 is projected to reach 450,000 tons, or 32 percent more than in 1981. However, when we look at the needs of the domestic market and exports, this is not a large increase, but when we know that the turnover of the herd is very slow and requires 5-6 years, then this is a very high percentage and there is a question as to how such a plan is to be fulfilled.



Some republics have passed laws prohibiting the slaughtering of calves in order to increase the livestock population, which will have a very favorable impact toward increasing the number of cattle. This measure should also be adopted by the other republics and provinces in order to revive cattle raising as fast as possible and increase the production of beef. There has been an intensive selection effort in Yugoslav cattle raising in recent years in order to increase the production of meat and milk, and this will certainly also help in carrying out the plan envisaged for the production of beef.

As for the production of pork, the situation is considerably more favorable, and the chances are very good for fulfillment of the plan, since the conditions for raising swine are considerably better than for raising cattle.

However, in sheep raising the situation is extremely difficult, since in recent years many households have been left without manpower because of the migration of the rural population to the cities, and there is no one left to handle the raising of livestock, so that there has been a decline in the number of sheep. It will take several years of intensive effort to revive sheep raising, and only then can we count on increased production of mutton.

With a view to better and fuller utilization of capacity for processing farm products and foodstuffs, the plans call for increased production in coming years of meat, fruit, vegetables and milk as basic raw materials for processing in the food processing industry.

The planners were again unrealistic in planning the production of certain processed foods. That has been the case in planning the production of dried meats, canned goods and vegetables, processed fruit products in which sugar is added, and powdered milk, yet in planning the production of other articles they were too cautious, as is the case with alimentary pastes, beer and fruit syrup, since production in 1985 was projected at the 1981 level.

Table 3. Projection of the Production of the Most Important Products of the Food Processing Industry in 1985, in Thousands of Tons

Type of Product	Actual		1985 (Projection)	Index Number 1981=100/85	Growth Rate (1981/1985)
	1980	1981			
Flour	2,404	2,331	2,650	114	1.6
Alimentary pastes	70	87	70	80	3.1
Bread and baked goods	1,172	1,235	1,500	121	4.6
Fresh meat (all kinds)	708	713	1,150	161	7.0
Sausage products	186	183	250	137	7.4
Canned meat products	91	103	140	136	6.5
Dried meat	62	49	100	204	7.4
Sugar	758	791	965	120	5.2
Edible oils	229	243	370	152	6.9
Margarine	58	62	75	121	6.4
Canned fish products	35	37	40	108	3.7

Table 3 (continued)

Type of Product	Actual		1985 (Projection)	Index Number 1981=100/85	Growth Rate (1981/1985)
	1980	1981			
Canned vegetables	112	143	250	175	7.4
Nonsweetened processed fruit	61	82	90	110	6.0
Sweetened processed fruit	80	55	95	173	2.9
Fruit juices	102	161	180	112	8.5
Fruit syrups	42	51	50	98	7.0
Powdered milk	15	14	25	179	8.5
Cheeses	38	47	90	191	8.4
Pasteurized and sterilized milk, in thousands of hectoliters	7,391	7,649	900	118	8.4
Refined grain alcohol	52,576	45,672	65,000	142	3.4
Beer, in thousands of hectoliters	11,712	12,163	12,500	103	3.5

However, when we look at the growth trend in the production of processed foods to date and the capability for production up to 1985, we can anticipate that the plan will be achieved. This is especially important in the case of the milling industry, that is, in the production of flour, as well as in the production of sugar and beer, which go into the diet of the population.

Aside from meeting domestic demand, it is a priority task of the agroindustrial complex to export farm products and processed foods in order to obtain the foreign exchange we need to import production supplies for agriculture as well as to correct our imbalance with foreign countries. Proceeding from the production level which has been achieved and the absorption capability of certain foreign markets, the planners projected that total Yugoslav exports of farm products and processed foods would reach \$1.6 billion in 1985. Up to now the principal place in exports of farm products and processed foods has been occupied by exports of livestock products, and that exports of meat, corn for livestock, processed meat and fruit products, berries, tobacco and wine. The point of departure in planning exports in 1985 was the potential for marketing our products on foreign markets in order to preserve those markets and to capture new markets. First place in exporting is given to animal husbandry and then to field cropping, so that these two branches amount to \$1 billion [original reads "million"] in total planned exports for 1985, or 64.179 percent of the total exports planned. Fruitgrowing represents the third item in our exports, followed by exports of beer and sugar.

In order to achieve the projected production and exports of farm products and processed foods, there will be a need in coming years to invest still more in primary production, and that in the development of livestock production (construction of cattle, swine and sheep farms), as well as in field cropping and

vegetable production in order to increase yields. The investments made in the agroindustrial complex to date have not been sufficient and have barely covered simple reproduction, so that if that same pace is held in further investment in agriculture, it is certain that we will not achieve either the planned output or the planned exports.

Table 4. Program for Exports of Farm Products and Processed Foods in 1985,  
Value in Thousands of Dollars

<u>Type of Product</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1985*</u> <u>(Planned)</u>	<u>Index Number</u> <u>1981/1985</u>
Grains	74,052	106,054	126,485	344,000	272
Livestock raising	324,514	357,431	392,360	700,000	178
Fishery	20,500	32,264	38,462	36,250	94
Sugar	24,150	141,569	46,357	60,000	129
Oil	21,928	17,699	3,136	52,500	17
Hops	11,481	14,951	14,649	20,500	140
Fruit and vegetables	102,630	189,495	280,239	300,000	107
Wine	58,871	60,224	70,578	80,000	113
Confections	19,000	8,601	9,436	33,500	355
Total	657,136	938,288	951,802	1,626,750	171

\* Data of the Yugoslav Association for Agriculture and the Food Processing Industry.

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## PRODUCTION, CONSUMPTION OF OCEAN FISH

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[Article by Slobodan Sindolic]

[Text] As one of the branches of agriculture, fishing has not been given the place it ought to have because of its importance in past years, especially in planning documents and specifically in the plans of the coastal regions. To be sure, there has often been discussion "on paper" of development and advancement of ocean fishing, but quite different trends have been followed in practice. Even the most recent documents on development of the agroindustrial complex in Yugoslavia say very little (or almost nothing) about this branch of agriculture.

The experts are pointing out ever more frequently that in our country, especially in our part of the Adriatic, the conditions are exceptional for much faster development of this economic branch. However, the efforts made to date to develop ocean fishing more rapidly have usually involved individual efforts rather than realistic plans backed up with firm projects of a long-term nature. When we say this, we have in mind the results achieved to date, especially in the production and consumption of ocean fish and processed fish products. It is sufficient to say that the consumption of ocean fish in Yugoslavia is very low, since per capita annual consumption is barely 2 kg. At the same time, per capita consumption in neighboring Italy is 8 kg, in Norway it is 25, in Japan about 50 kg, and so on.

Another thing that is characteristic of the development of ocean fishing in past years has certainly been the discrepancy between the production and consumption and the capacity for processing fish. Because of the small catch and considerably larger processing facilities than the supply of raw materials, certain quantities of fish have regularly been imported (and are now) for canning in order to increase the utilization of processing capacity to 60 to 70 percent and in that way to increase exports of canned fish products.

#### Inadequate Production

When today we analyze in detail the numerous problems of ocean fishing, then it can be said with great confidence that the main one is the small catch.

By contrast with development of other branches of agriculture, especially in field cropping and livestock raising, the production of ocean fish has increased at a low rate, but not as fast as the opportunities allow, especially with respect to certain types of ocean fish. We should also emphasize that the development of ocean fishing has been uneven from one coastal to another, and this has affected the overall situation in this branch of agriculture, which we will be able to document by showing the growth of production in the various republics producing ocean fish--Croatia, Slovenia and Montenegro.

The table below shows the catch of ocean fish over a lengthy time period on the basis of figures from the Federal Bureau of Statistics.

Table 1. Ocean Fish Catch in Yugoslavia, in Tons

<u>Year</u>	<u>Total</u>	<u>"Blue"* Fish</u>	<u>Other Fish</u>	<u>Mollusks</u>	<u>Shellfish**</u>
1951	16,310	11,304	4,069	613	324
1961	25,560	19,574	4,780	869	337
1971	30,847	24,181	5,319	921	426
1975	32,251	25,307	5,296	727	921
1976	34,849	28,040	5,259	752	798
1977	35,247	28,325	5,178	796	949
1978	37,464	30,845	4,980	781	858
1979	33,932	27,931	4,476	723	802
1980	34,968	28,493	4,924	743	807
1981	44,465	38,463	4,500	631	871
1982	40,489	33,989	4,895	678	927

\* Various food fishes with dark or oily flesh--tr.

\*\* [Original reads "crustaceans and clams."]

Total production of saltwater fish, as we see, has displayed rather uneven development. We especially note that the year before last there was the record production of ocean fish, in excess of 44,000 tons, in which the dominant place was taken by "blue" fish, as in previous year. However, last year [original reads "year before last"] the total catch of ocean fish fell off about 9 percent from the previous year, which resulted in a shortage of certain fish species on the domestic market and an inadequate quantity of raw materials for the processing industry.

Although when the last 2 years are compared to the period up to 1980 there has been an appreciable increase in total production, the quantities delivered are still inadequate in view of the augmented demand, especially during the tourist season. While the production of "blue" fish has had a rather uneven growth, the production of "other fish" has usually ranged about 5,000 tons. At the same time, the production of mollusks has shown a certain stagnation with a tendency toward a slight decrease, while the production of shellfish [crustaceans and clams] has again been on the rise and approximated the amount of nearly 1,000 tons.

Analyzing the balances for the production of ocean fish in 1981 and 1982, we see that the total catch was down 9 percent. It is significant in this connection that in 1982 the total catch in Croatia and Slovenia was about 9 percent lower than in 1981, while in Montenegro it was up 7 percent. Incidentally, within the total fish catch the catch of "blue" fish was down 12 percent, while the catch of "other fish" was up 9 percent, crustaceans were up 9 percent and clams were up 4 percent. We should mention in this connection that the share of "blue" fish in the total catch of ocean fish, since these are the most important fish species for processing, was 84 percent. We should also mention that organizations of associated labor and cooperatives engaged in ocean fishing have a share of 74 percent in the total catch. (Figures on the catch of ocean fish are collected from organizations of associated labor and cooperatives engaged in ocean fishery, while the fish catch of private fishermen is estimated in opstinas on the basis of the records which exist.)

#### Production by Republics

Within the total production of ocean fish, which has fluctuated quite frequently, production has also gone up and down in the various republics. Here again organizations of associated labor and cooperatives account for the major share of production, and this is especially characteristic of Slovenia, where the year before last the total catch was 5,558 tons, and organizations of associated labor and cooperatives accounted for 5,492 tons of that. In Montenegro the tendency is the reverse: organizations of associated labor and cooperatives accounted for only 68 of the total catch of 210 tons last year. We should also say that the largest quantities of ocean fish are obtained in Croatia, where the year before last the total catch was 34,721 tons, and organizations of associated labor and cooperatives accounted for 24,489 tons of this. It is also in Croatia that the largest quantities of all species of ocean fish are obtained. Table 2 shows the trend in the production of ocean fish in various regions.

Table 2. Catch of Ocean Fish by Republics, in Tons

<u>Region</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Total	34,968	44,465	40,489
Montenegro	136	195	210
Croatia	30,730	38,168	33,159
Slovenia	4,102	6,102	5,558

If we analyze the structure of total production of ocean fish by republics, we see that "blue" fish account for the largest quantities. Thus in 1981 "blue" fish accounted for about 32,460 tons in total production in Croatia (over 38,000 tons), and in 1982 (total catch 33,159 tons) more than 28,600 tons were "blue" fish. In Slovenia "blue" fish account for about 95 percent of the total catch of ocean fish last year, and in Montenegro that percentage is about 70 percent.

It is interesting to mention that of total shellfish [crustaceans and clams] production in 1981 in Montenegro, which was 4 tons, organizations of associated labor and cooperatives did not produce a single kilogram. In Croatia, however, output the year before last was 904 tons of shellfish, but organizations of associated labor and cooperatives delivered less than 50 percent of these quantities to the market, precisely 418 tons. Once again, in Slovenia the output was 20 tons of shellfish, but organizations of associated labor and cooperatives delivered 18 tons of that quantity. It is not difficult to conclude who was the principal supplier of these products in the various regions.

### Fishing Vessels

We must immediately say that the small and weak fishing fleet is one of the principal reasons why Yugoslavia is still catching inadequate quantities of ocean fish. Most of the motor fishing boats belong to the socialized sector, and their employment furnishes the largest quantities of fish. At the same time, a certain number of small boats are used for catching ocean fish, but they have no major share in the total catch and are mainly equipped for catching small "blue" fish.

The available statistical data offers the best view of how the fishing fleet has been developed and what sort of tonnage it has had. The number of motor fishing vessels at sea is shown in the table.

Table 3. Number of Motor Fishing Vessels in Yugoslavia

<u>Year</u>	<u>Vessels</u>	<u>Gross Registered Tons</u>
1951	88	2,905
1961	209	7,540
1971	185	7,153
1975	206	7,421
1976	202	7,428
1977	206	7,260
1978	218	8,490
1979	227	8,814
1980	226	9,588
1981	222	9,367

In spite of such a number of motor fishing vessels for catching ocean fish, they also included small boats with motors, which at the beginning of the year before last numbered about 7,000 (about 470 on rivers alone), and their highest number was recorded in 1979, when there were a total of 9,612 of them at sea and on the rivers. We should also add that at the beginning of the year before last about 1,000 sailboats and rowboats were recorded as being used for catching fish, along with the remark that way back in 1951 there were all of 5,381 of them. However, the number of motor fishing vessels on the sea and of boats on the river is not only inadequate to furnish larger quantities of fish, but, viewed as a whole, this fleet is outdated and rigged out with outdated gear for catching fish. It is estimated that the

average age of the Yugoslav fishing vessel is between 25 and 30 years, with a rather high degree of obsolescence.

The outdated fleet, inadequate investments and inadequate public stimulation of the development of fishing and the fish processing industry have led to a great stagnation in this branch of the agroindustrial complex. Although for years the experts have been pointing to the importance and role of ocean fishing, little has been done to provide more favorable conditions for development and advancement of a branch like this (credit, equipment, incentives, prices, favorable treatment, and the like). Under those conditions there has not only been a fluctuation in the catch of ocean fish, but there have also been uneven movements in the production of the products of processing, disruptions in supply on the domestic market, difficulties in purchasing containers and packaging materials to meet the needs of the fish processing industry.

We should add to all this that the production of canned fish products in past years has also been accompanied by failures to fulfill export plans, that is, by the necessity of making up the shortfall of fish by importing so as to offset the shortfall of the catch and ensure supply of the domestic market, especially during the tourist season. The production of canned fish products and foreign trade (canned fish products in tons, exports and imports of fish and processed fish products, in millions of dollars) has varied depending on the total catch of ocean fish, as shown in the table.

Table 4. Production of Canned Fish Products in Yugoslavia

<u>Year</u>	<u>Production</u>	<u>Exports</u>	<u>Imports</u>
1977	30,000	618	469
1978	33,000	752	622
1979	33,000	1,005	635
1980	34,598	911	675
1981	37,235	1,078	546
1982	36,329	--	--

In 1981, when the record total catch of ocean fish was achieved, the production of canned fish products also achieved a record (the share of canned fish products from freshwater fish is about 5 percent). It must be emphasized, however, that the growth of production over the last several years has in part been based on importing fish for processors in order to increase utilization of capacity and improve the supply of the domestic market. Incidentally, the growth of production of canned fish products (back 20 years ago production was about 20,000 tons) has had a certain influence on the growth of exports, which over the last several years have usually amounted to about 15,000 tons of canned fish products.

When we analyze in the briefest outlines the present situation in ocean fishing and seek the causes, then we come to several conclusions:



first, the inadequate catch of ocean fish, in spite of the favorable possibilities, is one of the main reasons why the market has not been better supplied,

second, these trends bring about underutilization of the capacity of the processing industry, which appreciably increases production costs and detracts from competitiveness on the foreign market, and

third, foreign trade programs are upset in this way, since export plans are not fulfilled, and the market demands increased quantities of imported fish, which puts a burden on the country's balance of payments.

#### Renewal of the Fishing Fleet

At a time when food production is becoming more and more important the production or larger catch of ocean fish must also take an ever more evident place in the plans of Croatia, Slovenia and Montenegro. If such a concept is to be realized, it will be necessary first of all to renew the present fishing fleet and thereby increase the number of motor fishing vessels. Numerous conferences of experts have pointed out that an appropriate fishing fleet is indispensable to a larger catch of fish. They usually cite in this connection the example of our Italian neighbors, who have about 2,500 vessels with a total capacity of about 83,000 gross registered tons and which every year catch between 180,000 and 200,000 tons of ocean fish in their part of the sea, but also with "frequent excursions" into our areas.

When we point to the inadequate catch of ocean fish and the outdatedness of fishing vessels, we must also emphasize that our fishermen make very little use of the open sea. That is, the domestic fishing fleet is not equipped for that kind of deep-water fishing, but mainly "keeps to" the coastal zone. Thus it was good news last year when a self-management accord was signed by 25 organizations of associated labor in the sectors of fishing and shipbuilding concerning construction of appropriate vessels. This document provides for domestic fishermen to get the vessels and equipment which will afford what is referred to as industrial fishing, that is, use of the most up-to-date methods for fishing at great depths and regardless of the weather at sea.

The current plan for Croatia's economic development calls for building 50 fishing vessels by 1985, 40 of them in domestic shipyards. This program calls for building 23 vessels in Dalmatia on domestic ways, while 5 fishing vessels would be purchased abroad. Since domestic shipyards now have greater capabilities for construction of ships for domestic customers because of improvement of their economic position, it is realistic to expect that at least a part of this program will be accomplished successfully. It should also be pointed out in this connection that it is beneficial to stimulate the construction of fishing vessels for the domestic fishing fleet in the specialized shipyard at Vela Luka on the island of Korcula. The building of ships and other equipment presupposes, of course, an appropriate system of credit financing for the delivery of these vessels.

## The Aid of Science

In the last several years there has been ever greater indication of the need for more rapid development of ocean fishing, especially in specialized circles and among planners. People have also been pointing to "new winds," since shipbuilding has begun, talks are being conducted about overseas fisheries, fishermen have been granted accelerated accumulation of pensionable service, the personal incomes of personnel in this branch have been raised, and young people have been given greater motivation to work on fishing vessels. Scientists are committing themselves more and more to advancement of production and to raising labor productivity in this branch of the economy.

There is no longer any dilemma whatsoever that our part of the Adriatic can supply considerably larger quantities of saltwater fish than up to now. An ever greater number of countries and more and more experts, including our own, are intensively studying new possibilities for a larger catch of fish, are organizing explorations of the oceans and seas, and that with the most up-to-date scientific methods. The explorations to date have shown that the most recent results will make it possible for ocean fishing to soon become a "highly productive source of vitally important protein."

The research of our scientists and scientific institutions in this direction have already yielded certain results. It is evident that fish farming in the Adriatic is yielding the first favorable results. Experts of "Mirna" in Rovinj have already achieved enviable results in raising the lubin, a sea bass, artificially. As part of this research the experts have managed to produce young fish and to a large extent have mastered the technology for preparing the primary food, which is the basis for obtaining and producing one of the best-quality and most sought after species of fish. Thus after many years of research the Limski Kanal is more and more becoming a center for development of pisciculture, especially after the successful cultivation of oysters and mussels.

Pisciculture has also extended to other regions. In Zadar, for example, an ever more intensive effort has been made in raising mullet, for whose production a special program has been adopted on the island of Pag. It is of interest to mention that specialists in Split have discovered the possibility of raising [original reads "catching"] the giltfish artificially, and researchers in Sibenik have made a great contribution to raising trout in the estuary of the Krka. On the basis of 10 years' experience and a study by specialists of the Institute for Oceanography and Fishery in Split it has been established that conditions exist in many areas for more intensive cultivation of quality species of ocean fish. Their scientific and practical experiences have already confirmed that certain quantities of fish are already being produced in commercial fish farms (giltfish, sea bass, mullet, and so on).

Research at Rovinj, Portoroz, Zadar and other cities has indicated rather large possibilities for creating "fish farms" in the Adriatic. Inadequate financial resources have in part slowed down this effort, which is now ever more evident and is gradually, but surely, yielding ever greater results.

They will be still more favorable when similar possibilities begin to be put to greater use on the Montenegrin coast, especially in the Bay of Kotor, where all the conditions prevail for creating beds of clams and mullet and giltfish farms. Thus on the basis of the program of the Marine Biology Institute in Kotor, and in collaboration with "Montenegroturist," the "13th of July" Agricultural Combine and "Industrijaimport" and the coastal opstinas, sources will be invigorated for an appreciable increase in the catch and raising of fish.

#### Fish Meal Production

Given the shortage of foreign exchange and the continuing unfavorable economic position of the fish processing industry, experts are pointing more and more to untapped internal potential, that is, to the inefficient utilization of certain raw materials. That is, fish processors in the Adriatic are every year throwing more than 7,000 tons of fish and fish scrap into the sea which otherwise could be used for the production of fish meal. In the absence of appropriate refrigerated capacity for fish and equipment for production of fish meal, a valuable raw material is being thrown away, and the industry for processing ocean fish is annually producing only about 530 tons of fish meal. Yet annually about 90,000 tons of fish meal are imported and used as an irreplaceable component in feeding livestock, and more than \$50 to \$60 million are annually spent for this purpose. Thus domestic production of fish meal is satisfying only 3 percent of the domestic demand.

The "Adria" Fish Processing Plant in Zadar has opened up a unit for the production of fish meal. Thus fish scrap (heads, tails and entrails) and trash fish are processed into fish meal. At the beginning the output of this high-quality animal feed was not large, but it is gradually increasing and amounts to a few hundred tons. Thought has also been given to initiatives of this kind in the other fish processing plants on the Adriatic, and "Jedinstvo" of Zagreb has established contact so that this specialized work organization might supply domestic equipment for processing fish into fish meal. In the opinion of specialists of "Jedinstvo," the assessment is that there are no technical or technological obstacles to manufacturing that kind of equipment, since this organization has already made complete equipment or various parts to meet the needs of the fish processing industry.

In view of the fact that future plans for livestock and poultry production in coming years envisage an appreciable increase in the population of livestock and poultry, fish meal production is becoming ever more urgent. In that situation, then, it is increasingly imperative that the largest possible quantities of this valuable material for the reproduction of livestock be produced within the country, especially when the raw materials exist, as do the technical capabilities for production of the equipment. In that way all 11 fish processors on the Adriatic would become potential producers of fish meal. However, performance of an important project of this kind, which could be carried out in a year or two in view of the capabilities of the equipment producers, does not depend solely on fish processors. In view of their rather difficult economic position, solutions must be sought through a joint effort on the part of fish processors and the producers of livestock and poultry.

Only through that kind of mutual linkage would the most efficacious solution be found that would afford a manifold benefit: efficient use would be made of the scrap, there would be an appreciable increase in domestic production of fish meal, imports would be reduced, as would outlays of foreign exchange, and all of this would tend to improve the economic position of this grouping.

#### Pooling and Economic Position

Increasing the catch of ocean fish and increasing the output of manufactured fish products have very great importance to improving the economic position of this branch. It is advancing under the circumstances of ever more pronounced tendencies toward an increase in the production of food, toward better supply of fish and fish products to the domestic market, and especially toward substitution of imports and increased exports of processed fish products. All of this indicates that the development of this branch is of particular public interest, as indeed is indicated by the fact that the conditions for fulfillment of these plans are much more favorable than up to now.

Performance of these and other programs, however, also indicate the need for a faster pace of the process of pooling and business and technical linkage among the producers of this branch. New and broader conditions are created for more optimum and economical conduct of business through the pooling of labor and capital, since even today the individual producers have small and incomplete facilities, production is not sufficiently continuous, the equipment is outdated, and the costs of production, shipping and packaging are high. Although this branch is relatively small, there is no reason whatsoever why on the basis of joint efforts and programs it could not jointly and by agreement resolve all the problems, which are related to the development and advancement of production: construction of vessels, production of containers, efficient transport and packing, joint purchasing, export programs, and so on.

Over the last several years this branch of the agroindustrial complex has managed to obtain reduction of or exemption from certain social obligations (the republic income tax, from which the funds are being pooled for the credit financing of fishing vessel construction, the loan for the underdeveloped, the opstina income tax, and so on). All these and other measures certainly are not sufficient, which means that the work organizations themselves must also seek more effective solutions on the basis of pooling labor and capital with the distribution sector, industry and tourism. The conditions for conduct of economic activity on the market are increasingly problematical, and we can hardly anticipate that the individual work organizations will have a few vessels as a "trademark," but will base their business operation on the importing of fish. Given the country's deficit in the balance of payments, it will be increasingly difficult to obtain funds to import the raw materials, which can be entirely or partially obtained from domestic sources.

All of this indicates that the organizations engaged in fishing and fish processing must themselves seek the most expedient solutions for improvement of their own economic position without waiting exclusively for the aid of

society. The present favorable social climate (the effort toward larger food production), which is accompanied by pooling of labor and capital by all partners in this branch, must initiate every effort in the process of resolving more rapidly all those issues crucial to a larger catch and larger output, reduced imports and augmented exports, and thereby to improvement of the economic position of fish producers and processors. In other words, a concerted and unified effort by this industry would speed up the process of self-management linkage and would thereby create all the conditions for the more rapid development of the entire branch.

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CSO: 2800/292

ANIMAL FEED PRODUCTION, LIVESTOCK RAISING

Belgrade GLASNIK POLJOPRIVREDNE PROIZVODNJE, PRERADE I PLASMANA in Serbo-Croatian No 3, Mar 84 pp 8-13

[Article by Dr Dusan Tomic: "The Animal Feed Balance and Long-Range Development of Livestock Raising in Yugoslavia"]

[Text] Animal feed is important both from the standpoint of utilizing the genetic characteristics of livestock and activating internal potential and also from the standpoint of fattening livestock in order to increase the volume of production and income of livestock raising. Advancement of the technology and increasing the output of diverse and quality feeds require a good knowledge of numerous elements and characteristics of the various types of animal feed.

However, the socioeconomic conditions and measures to improve and augment the production of animal feed by farming regions, types of farms, branches of animal husbandry and types of livestock production have primary importance. The method of feeding has to take on the features of uniform and regular nutrition of the livestock. The orientation must be toward formulating a composition of the optimum ration whose content would furnish all the necessary nutrients in the livestock diet in appropriate proportions and amounts, but at the lowest costs. This means that analysis of the animal feed balance affords a complete insight into the development potential and economic benefits of livestock production.

This paper accordingly concerns itself with studying the macroeconomic relations in the interdependence between animal feed and livestock production. The study of and familiarity with the animal feed balance and its distribution by use-purposes provide the key to a more comprehensive examination, fuller understanding and more effective solution of the problem of more intensive development of livestock production. The animal feed balance offers the basis for a better examination of the role, place and importance of the various types or groups of livestock nutrients in the structure of animal feed resources, in the composition of the livestock diet and in development of livestock production.

## Future Development of the Demand for and Supply of the Products of Livestock Raising in Yugoslavia

Yugoslavia is preoccupied with the problems of developing food production and food consumption, as indeed the entire world is. The problem of food is becoming more and more important because with economic development major changes are envisaged in the coming period of two to three decades in the growth of per capita income, the rise of the standard of living and the improved quality of the way of life. One of the most important changes will be manifested in the improved quality of the diet of the population in Yugoslavia, and that through increased consumption of highly nutritious farm products. The growth of consumption of quality foodstuffs of animal origin is called upon to make the greatest contribution to improving the quality of the population's diet. This is confirmed by projections of the future development of production and consumption of the products of livestock raising.

Table 1. Long-Range Demand for the Products of Animal Husbandry in the Year 2000 in Yugoslavia<sup>1</sup>

<u>Indicator</u>	<u>Meat--Total, thousands of tons<sup>2</sup></u>	<u>Milk, millions of liters<sup>3</sup></u>	<u>Eggs, millions</u>
Total volume of demand in the year 2000	2,354	7,317	6,850
Index numbers of the growth of the volume of demand, 1975 = 100	228	206	191
Growth rate of long-term demand over the period 1975-2000	3.4	2.9	2.6
Per capita consumption of livestock products in Yugoslavia in the year 2000	70-75 kg	260-280 liters	240-260 eggs

1 The long-range demand includes domestic and export demand for the products of animal husbandry.

2 Meat without raw fat (without bacon, lard).

3 All types of milk consumption.

Source: Dr Dusan Tomic, "Dugorocni razvoj stocarstva u Jugoslaviji" [Long-Range Development of Livestock Raising in Yugoslavia], Economics Institute of Belgrade and the Federation of Yugoslav Agricultural Engineers and Technicians, Belgrade, 1979.

On the basis of an analysis of the entire set of factors and the institutional conditions of development, it is projected that total long-term demand for animal products will develop over the period from 1975 to the year 2000 at an average annual growth rate of 3 percent. The long-term demand for meat would achieve the highest rate of growth and rate of increase of the volume of production, followed by the demand for milk and then eggs. In the breakdown of the demand for meat a high growth of demand for beef stands out.

In the structure of total long-term demand for livestock products the dominant position is taken by domestic demand, which will exert the decisive influence on the development and structure of livestock production. Domestic demand, that is, the consumption of the population, will have a share of 82 percent in the structure of the long-term demand for meat, while in the structure of long-term demand for milk and eggs its share will be 98 percent. It is projected that the per capita consumption of animal products in Yugoslavia in the year 2000 will amount to about 70-75 kg of meat, about 260-280 liters of milk and about 240-260 eggs. Yugoslavia will reach the advanced countries and approximate the optimum diet in the foreseeable future in terms of the average per capita consumption of the products of animal husbandry, since there will be a substantial increase in the share of animal calories in the total caloric value of the diet.

It is also anticipated that the demand for exports of the products of animal husbandry will be relatively high.\* Yugoslavia will develop into an important exporter of meat. Exports will have a share of 15-16 percent in the structure of the long-term demand for meat, while there will be smaller opportunities for exporting milk and dairy products and eggs. Accordingly, meat and processed meat products will be the principal export products for livestock raising. The orientation toward exports of beef and mutton is fully justified in economic terms from the standpoint of favorable relative prices of these products and the growing demand on the world market.

If the total long-term demand for livestock products is to be satisfied, livestock raising faces high requirements with respect to the volume and structure of production. Fulfillment of that task requires that livestock production in Yugoslavia develop up to the year 2000 at an average annual rate of 3.3 percent, which would make it possible for its volume to increase about 2.2-fold over the 1975 level. This is undoubtedly a very major undertaking in production, in technology, in organization and in economic terms.

The entire set of factors and conditions of development will over the coming period up to the year 2000 determine the development of animal husbandry and the potential for increasing the volume of livestock production. Among those factors and conditions of development the most important place is taken by livestock feed. Accordingly, balancing relations between the long-term demand and the long-term supply of the products of animal husbandry will depend in a functional relationship on the advancement and development of the production of livestock feed and on building up highly productive animal husbandry on an up-to-date industrial foundation.

#### The Animal Feed Balance in Yugoslavia

From the standpoint of the volume and structure of production of livestock nutrients, Yugoslavia's animal feed resources are underdeveloped and not

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\* The high growth of long-term world demand for the products of animal husbandry affords real possibilities for increasing exports of the products of animal husbandry from our country. See the FAO publication "Population, Food Supply and Agricultural Development," Rome, 1975.



sufficiently in line with the requirements of optimum utilization of the livestock population or the need to increase livestock production. This is shown by a macroeconomic analysis of the animal feed balance.

The animal feed balance is an essential element in the policy for advancement and development of livestock raising. It has manifold importance. The animal feed balance clearly shows the general situation, level, quality and structure of animal feed production. The distribution of the animal feed balance by basic use-purposes into that portion that goes for maintenance and that portion that goes to production represents the basic production costs expressed in the physical indicators of animal feed consumed. The balance, distribution and structure of fodder resources are among the most important elements of the economics of livestock raising.

Table 2. Structure of the Animal Feed Balance by Use-Purposes in Yugoslavia, %\*

<u>Indicator</u>	<u>5-Year Averages</u>	
	<u>1959-1963</u>	<u>1971-1975</u>
Nutrient units		
Total	100.0	100.0
Maintenance	70.1	65.5
Productive feed	29.9	34.5
Digestible proteins		
Total	100.0	100.0
Maintenance	66.4	60.3
Productive feed	33.6	39.7

\* Computation of the animal feed balance by sources and use-purposes is a complicated and time-consuming job, since it requires a familiarity with numerous elements and methods, the composition of the livestock population by types and breeds, and the processing of immense documentary material with numerous indicators.

The nutrient value of the animal feed base was computed on the basis of the established table on the nutrient value of animal feed.

The animal feed balance contains registered and unregistered sources of livestock feed as well as imported livestock feed.

The registered animal feed base was calculated on the basis of official statistical material on animal feed production. The unregistered animal feed base consists of forest range and pastures, barren lands, browsing and foliage cut for livestock feed; secondary products in plant production; scraps from farm households; scraps from public institutions and the food service industry, from urban households, and so on.

Source: The same as for Table 1.

Total animal feed production expressed in nutrient units has increased over the period that has passed. There was a significant increase in productive feed, which contributed to the increased volume of livestock production. The breakdown of the animal feed balance by use-purposes has recorded constructive changes, since there has been an increase in the share of productive feed. However, the share of maintenance feed is still high.

Accordingly, livestock production in Yugoslavia is characterized by an unfavorable ratio between maintenance feed and productive feed, whose consequence is an inadequate level of utilization of the genetic potential of the livestock, low productivity of the livestock, restricted opportunities for expanded reproduction, and low economic efficiency in livestock production.\*

The present unfavorable ratio between maintenance feed and productive feed is a result of the disproportion between the volume, quality and structure of production of animal feed on the one hand and the size of the livestock population, its structure and composition with respect to breeds, and also the other conditions of housing, health and care of the livestock.\*\*

The structure of the animal feed base is not satisfactory and does not correspond to the needs of the intensification of livestock raising. The structure of the animal feed base is characterized by an inadequate representation of animal feed, plants for feeding livestock grown on plowland, and manufactured livestock feed, while the share of livestock feed from secondary unregistered sources is high. Animal feed from unregistered sources is of poorer quality, which adversely affects the productivity of the livestock. Secondary products from agriculture and the food processing industry, especially those of animal origin, are not being processed and upgraded into more valuable livestock nutrients to a great extent.

The production of livestock feed from registered sources cannot meet total feed needs of the present livestock population. It meets the requirements of the livestock population for maintenance feed and productive feed at a level of about 73 percent in terms of nutrient units and at a level of about 76 percent in digestible protein. The quantitative shortfall of livestock feed stands as the basic problem in the more intensive future development of livestock production.

The qualitative shortfall of the animal feed base poses itself as a serious production and structural problem because of the shortage of digestible

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\* Research has established that the productive potential of productive livestock (cattle, swine, sheep and poultry) is utilized in Yugoslavia at an average of 70-75 percent depending on the conditions available for development. This represents a large untapped potential for increasing the output and income of livestock raising.

\*\* Late-maturing livestock breeds have a higher consumption of maintenance feed than early-maturing breeds. The consumption of maintenance feed increases when the conditions for housing the livestock and its care are poor, and also during very cold spells. A sizable loss of feed occurs when livestock die or go hungry in the wintertime. The maintenance requirements of draft animals for livestock feed are large.

protein. The animal feed base is markedly carbohydrate in nature. There is a high deficiency of protein nutrients, both of plant and especially animal origin: ground soybean oilcake, fish meal, meat meal, and so on. The quality of the products in terms of kinds of livestock nutrients is relatively unfavorable. Investment policy has not been mindful of the development and advancement of the production of high-protein livestock feed. The qualitative deficiency of the animal feed base is seriously slowing down the development of a strong and stable livestock production and efficient utilization of the livestock population.

The actual quantitative deficiency of the animal feed base is smaller since the needs for livestock feed are met with livestock feeds from secondary unregistered sources and from imports.

Animal feed from unregistered sources is an important item in the fodder balance. The level of livestock production depends in large part on use of animal feed from secondary unregistered sources.

Table 3. Structure of the Animal Feed Base in Yugoslavia, %

<u>Indicator</u>	<u>Nutrient Units</u>		<u>Digestible Protein</u>	
	<u>1959-1963</u>	<u>1971-1975</u>	<u>1959-1963</u>	<u>1971-1975</u>
Registered sources of livestock feed	68.2	68.4	81.5	82.4
Field cropping				
Concentrated feed	33.8	41.4	28.6	35.5
Feed crops from plowland	12.3	8.6	22.8	17.1
Vegetable crops	1.7	0.8	1.0	0.4
Grassland				
Meadows--hay	10.6	8.8	10.8	9.0
Pastures--grazing	6.2	4.4	6.7	4.8
Industry				
Industrially processed animal feed	3.6	4.4	11.6	15.6
Unregistered sources of livestock feed	<u>31.8</u>	<u>31.6</u>	<u>18.5</u>	<u>17.6</u>
Total	100.0	100.0	100.0	100.0

Source: The same as for Table 1.

Imported animal feed or imported raw materials for manufacturing high-protein feeds are playing an ever greater and more important role in the feeding and fattening of livestock. Production for the market in poultry raising and swine raising depends on imports of high-protein animal feed. The prices of high-protein animal feed are rising on the world market, so that large amounts of foreign exchange are set aside to import it. A sizable portion of the value of exports of livestock and livestock products is drained off for imports of high-protein animal feed. There is a characteristic tendency toward ever greater import dependence of the development of livestock production for the market on imports of high-protein livestock feed.

## Long-Range Policy for Advancement of the Production and Use of Livestock Feed in Yugoslavia

The future development and level of livestock production depends to the greatest degree on advancement of the production and optimum use of animal feed. Achievement of the projected volume of livestock production in the year 2000 demands a high (2.5-fold) increase in the production of livestock feed expressed in terms of calories.

### Needs for Animal Feed in Yugoslavia, in Calories

<u>Year</u>	<u>Total Calories, billions</u>	<u>Index Number</u>
Average 1971-1975	35,380	100
2000	89,490	253

Source: The same as for Table 1.

Solving the problem of animal feed in Yugoslavia up to the year 2000 stands as one of the primary strategic tasks in long-range development of animal husbandry and agriculture and of the agroindustrial complex as a whole. Performance of that task requires a revolutionary change of direction in development of the production and use of livestock feed. In my opinion the emphasis in the effort has to be placed on the following activities.

#### 1. Farm Policy and Animal Feed

Yugoslavia is one of the few countries capable of achieving intensive development of livestock production with feed it produces from its own resources. This is a significant comparative advantage which should be utilized to the fullest.

The long-range development of animal husbandry makes it imperative to devise a comprehensive and long-range approach to development of the production and consumption of animal feed. To that end we need to prepare a Yugoslav long-range program for advancement and development of the production of livestock feed with all the necessary elements.

That program should serve as the basis for a farm policy that would stimulate and guide the production of animal feed in an organized way and over the long term. The package of measures and actions covered by farm policy should specifically include the following: application of present-day technology in the production and processing of animal feed; the production of particular groups of animal feeds, especially high-protein feed; the granting of tax incentives for the development of the production of new feed crops and for broader development of double-crop planting; production of quality seed of feed crops and subsidizing its use; the channeling of investments into livestock feed production; production of up-to-date equipment for the production and processing of livestock feed, especially for silage, and so on.

In accordance with the basic goals and tasks of the Yugoslav program comprehensive and detailed programs need to be drafted for the production of animal feed by farming regions, adjusted to the available production capacities, the ecological conditions of development, and the socioeconomic relations.

## 2. Animal Feed Balance

It is strategically important to conducting a livestock-raising policy and to the economic development of livestock production to know and use the animal feed balance.

Preparation of the animal feed balance for each year to cover the entire livestock population must become a regular task in farm policy. It is especially important to prepare balances of the production of the most important groups of animal feeds, especially high-protein feeds, for production for the market by the branches of animal husbandry.

Development of a highly productive industrial-type livestock production in the socialized sector requires that every socialized farm regularly prepare and use an animal feed balance.

Stockpiles of animal feed must be a mandatory component of the animal feed balance. They should ensure the unhindered development of livestock production for the market, and they must be maintained on the farms.

There is a need to commission an appropriate scientific institution to develop the methodology and prepare the animal feed balance in Yugoslavia regularly and on a permanent basis.

## 3. The Ratio Between Maintenance Feed and Productive Feed

In the process of the intensification of livestock production the optimum distribution has to be guaranteed in the animal feed balance so that about 45-50 percent goes for maintenance feed, used to maintain the life of the livestock, and about 55-60 percent for productive feed, which goes for the production of the animals, that is, for the production of livestock products.

Establishing the optimum ratio between maintenance feed and productive feed should facilitate more efficient use of animal feed, optimum use of the livestock population, maximum production results, attainment of a more economical livestock production, and larger income for animal husbandry.

## 4. The Product Orientation in Animal Feed Production

The product orientation must in the coming period emphasize the production of high-quality animal feeds rich in their content of digestible protein, high-energy feed, forage crops, coarse fodder from grasslands, and manufactured animal feeds.

The production, stockpiles, manner of use and price of corn are a condition and basis for stable and intensive development of livestock raising. A

program needs to be drafted for bringing the Yugoslav corn harvest up to 15-17 million tons. Present-day processing technology makes it possible to use corn for diverse purposes, since it contains many chemical substances. There is no farm product that can match corn for the breadth of its use.\* After removal of the sprouts [?] of the kernels, the livestock should be fattened with the remainder of the kernels after industrial processing and with the entire green matter and cob in the form of silage.

As for the production of animal feed crops, the orientation must be toward an increase in the average area planted to about 20 percent of the plowland, expanding the variety of fodder crops, and a high increase in the yield per hectare, especially within areas covered by irrigation systems.

Extensive grass areas can offer a large contribution to increasing the production of animal feed rich in its content of digestible protein. There has to be a long-term and systematic effort to advance and improve the production capability of grass areas as a function of the terrain, position, technology, botanical composition of grasses, productivity, economic efficiency and other measures.

There is a need for faster development of up-to-date production of manufactured animal feed. The livestock feed industry should be oriented as much as possible toward the production of high-quality high-protein feeds. Yugoslavia possesses favorable natural conditions for high production of high-protein livestock feed of plant origin, especially for the advancement and growth of production and processing of soybeans. A significant advance could be achieved in the production of high-protein nutrients of animal origin, that is, of meat meal and especially fish meal. The Adriatic Sea offers large opportunities for the production of high-quality protein from fish waste and "blue" fish [any of various fishes with dark or oily flesh]. Every fish processing plant on our seacoast ought to have a refrigerator and an installation for making fish meal. Installations of that kind should also be built adjoining slaughterhouses, rendering plants, yeast plants, dehydrating plants, and so on, to process waste and to produce high-protein animal feed.

##### 5. Qualitative Change in the Structure of the Animal Feed Base

The development of intensive livestock production is functionally dependent on overcoming the qualitative deficiency of the animal feed base, that is, on proper representation of digestible protein in the livestock diet.

More optimum relations need to be established in the structure of the animal feed base between the proportions of the various types of animal feed and a higher representation of digestible protein needs to be achieved. This is important concerning the animal feed base intended for productive purposes, such as raising young animals and the production of weight gain, milk and eggs.

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\* Specialized corn varieties are being created for particular use-purposes, as are special varieties for feeding livestock, one of which is high-lysine corn. Experiments have shown that a calf gains 20 percent more weight when fed with high-lysine corn than with a normal diet.

Yugoslavia possesses favorable potential for increasing the production of digestible protein on plowland and grassland. A program needs to be drafted for achieving high production of digestible units and digestible proteins per feed-crop hectare.

The highly productive feed-crop hectare is an essential condition for inexpensive production per unit of livestock products, especially on socialized farms.

#### 6. The Seasonal Nature of the Animal Feed Base and Interregional Development of Livestock Raising

The seasonal aspect of the animal feed base is extremely important from the standpoint of linking farming regions together and the more effective development of livestock raising.

The plains region in livestock raising is characterized by high production of high-energy feed, low production of high-protein feed, poorer conditions for raising young animals, a larger area planted to feed crops, and a small area allotted to meadows and pastures. The plains region is characterized by relatively high flexibility in selection of programs and in adaption of livestock production to the needs of the market.

The hilly and mountain region of animal husbandry is characterized by high production of high-protein feed, low production of energy-rich feed and winter maintenance feed, favorable conditions for raising young animals, a large area allotted to pastures and meadows, and small area planted to feed crops. Livestock production, above all cattle raising and sheep raising, is the most important aspect of the development of agricultural production in this region.

The highest degree of coordination and linkage needs to be established between summer and winter animal feed so as to ensure the most economical possible use of digestible protein. It is especially important to furnish winter animal feed, especially maintenance feed, for livestock raising in the hilly and mountain region.

The seasonal aspect of the animal feed base indicates the need for more effective solution of the problem of production, organizational and economic linkage of livestock raising between the plains region on the one hand and the hilly and mountain region on the other. There is a large potential here for stronger development of livestock production in Yugoslavia.\* This problem should be solved on the basis of vertical integration, since this ensures the most expedient combination of production factors.

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\* The advanced countries, especially Austria, Switzerland and others, have achieved immense progress thanks to the technological, organizational and economic linkage of livestock raising in the plains and the mountains.

## 7. The Present-Day Method of Feeding Livestock and Reducing the Intake of Animal Feed Per Unit of Livestock Products

Introduction of more effective methods of feeding livestock must become as widespread as possible on farms, especially in the socialized sector of agriculture. The following measures should be taken on socialized and private farms in order to achieve the highest possible efficiency in utilization of animal feed.

- a) The production and economic expediency of feeding livestock according to the age of the animal and the type of production has been clearly defined and established. Quality animal feed and optimum combination of inexpensive and expensive feeds in the feeding of livestock.
- b) Programming optimum and balanced composition of the daily ration for livestock and an effective and uniform method of feeding livestock.
- c) Orientation toward early-maturing and highly productive quality livestock breeds and toward the fattening of young animals.
- d) An up-to-date conception of feeding cattle should guarantee optimum combination of coarse feed, silage and concentrated feed throughout the entire year.\*
- e) The quality and level of utilization of animal feeds can be greatly improved if farm work is done at the right time and there is improvement in the technology of production, processing, storage, preparation and use of animal feed.
- f) Significant results are obtained in feeding livestock when animal feeds are upgraded, combined and supplemented.
- g) A great saving in livestock feed can be achieved by improving the health of livestock and especially by reducing mortality.
- h) Yugoslavia possesses large quantities of vegetable waste which rots instead of being collected in good time, processed and used as animal feed.\*\*
- i) Ensure favorable conditions for housing livestock and a higher standard in application of zootechny so that animal feed is better utilized and higher production results are achieved.

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\* In the advanced countries silage, rape and other crops are much used in the regular feeding of cattle along with concentrated feed, oilcake and other high-protein feeds. It is well known that animal feed from grassland has a share of even 30-50 percent in feeding livestock, especially cattle, in some advanced countries.

\*\* In the advanced countries much is being done to obtain animal feed from plant waste. Technological progress has made it possible to create new sources and to utilize new raw materials for animal feed.



j) On farms, especially in the socialized sector, efficient organization of work is needed in the preparation, hauling and distribution of roughage and silage for livestock being fattened.

k) The general process of the advancement of livestock raising in Yugoslavia should make it possible in the domain of intensive production to reduce the average intake of concentrated animal feed per unit of livestock products by 25-30 percent.\*

Improving the rate of conversion of livestock feed represents one of the strategic goals in the intensification of livestock production since this will contribute to achieving higher production and economic results at the lowest cost.

## 8. Integration and Animal Feed

Technological progress and vertical integration have a decisive role in the process of industrializing livestock production. However, the process of integration is taking place very slowly in all phases of the livestock-raising and industrial complex.

In the field of animal feed production the level of horizontal integration is low. Animal feed production in agriculture is basically mixed, fragmented and unorganized. The animal feed industry is also characterized by a low level of horizontal integration, since production is fragmented, and most of the facilities are outdated. A high level of horizontal linkage must be achieved in the phase of animal feed production. The process of horizontal integration must develop more rapidly and broadly toward specialization and especially consolidation of the production of concentrated, green and manufactured animal feed, especially on socialized farms.

Horizontal linkage within the individual phases is better developed than vertical linkage of the phases in the livestock-raising and industrial complex. A more narrow form of vertical linkage between the primary production of animal feed, manufactured animal feed and the production of meat, milk and eggs has been developed on the socialized farms, especially on the agroindustrial combines, but it has not been put on a footing of self-management and income-sharing relations. The private sector of agriculture has almost no vertical integration. Vertical integration between the successive phases in the production of animal feed and livestock production is underdeveloped. The animal feed industry is not performing its function of linking the production of animal feed and livestock production. A high level of vertical integration in production systems is an essential factor for more intensive development of the production of animal feed and for industrialization of livestock production.

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\* The rate of conversion of animal feed in the United States is constantly improving, which has a high impact on the supply of livestock products. It is a technological and economic inevitability to increase the rate of conversion of livestock feed.